

PART 2A FORM ADV

FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Freeman Spogli Management Co., L.P. If you have any questions about the contents of this brochure, please contact Christopher M. Iorillo at (310) 444-1822. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Freeman Spogli Management Co., L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Freeman Spogli Management Co., L.P. is an investment adviser registered with the SEC. Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.

THIS BROCHURE IS NOT AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES.

Item 2. Material Changes

This Form ADV Part 2A (or “**brochure**”), dated March 2024 updates Freeman Spogli Management Co., L.P.’s brochure dated March 2023 and contains several changes, including certain material changes. These changes include but are not limited to: (i) updates to Item 5 to reflect additional disclosure related to fees, compensation and expenses and allocations of fees and expenses among Allocable Parties, (ii) updates to Item 8 to reflect additional and updated material risk factors related to the Adviser’s investment strategy, including such risk factors related to current market conditions, regulatory approvals, inflation, improvements in portfolio company operations, regulatory developments for private funds and their advisers, and benchmark-related risks, and (iii) updates to Item 11 to reflect additional disclosure regarding potential and/or actual conflicts of interest faced by the Adviser related to its discretion to allocate expenses, engage in continuation transactions, engage in follow-on investments, and adjust the Advisory Fee calculation based on the valuations of investments. In addition, Freeman Spogli Management Co., L.P. routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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Item 4. Advisory Business

A. Organization and Ownership

For purposes of this brochure, “**Freeman Spogli**” or the “**Firm**” means Freeman Spogli Management Co., L.P., together (where the context permits) with the general partners (the “**General Partners**”) of the Funds (as defined below). The Firm is a Delaware limited partnership that was organized in 2008. The owners of the Firm are Brad J. Brutocao, Bradford M. Freeman, Benjamin D. Geiger, Jordan A. Hathaway, John Hwang, Christian B. Johnson, Jon D. Ralph, John M. Roth, and Ronald P. Spogli.

B. Advisory Services

The Firm currently serves as the investment adviser to private equity funds (the “**FS Funds**”) and parallel investment entities that invest proportionately with a FS Fund in all investments on substantially the same terms and conditions subject to applicable tax, legal, or regulatory constraints (the “**Parallel Funds**” and, together with the FS Funds, the “**Funds**”).

The Funds are dedicated exclusively to investing and partnering with management in companies positioned for strong growth and equity appreciation. The Funds make investments in equity and equity-related securities issued in corporate acquisitions organized and led by the Firm. In accordance with the Funds’ respective investment objectives, investments are generally made in middle-market companies in consumer- and distribution- related sectors (the “**Target Sectors**”). The Firm’s management and administrative services include investigating, structuring and negotiating potential investments, monitoring the performance of portfolio companies in which the Funds invest, and advising the Funds as to exit strategies from such portfolio investments.

Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, investment advisory agreement, and/or Side Letter (as defined in **Item 8**) agreements negotiated with investors in the applicable Fund (collectively, the “**Organizational Documents**”).

In addition to the advisory services described in the preceding paragraphs, the Firm and its employees provide certain consulting services to portfolio companies in which the Funds have invested.

C. Tailoring of Investment Advice

The Firm provides investment management advice in accordance with the investment objectives and guidelines set forth in each Fund’s Organizational Documents.

D. Wrap Fee Programs

The Firm does not participate in any wrap fee programs.

E. Assets Under Management

The Firm manages the assets of each Fund on a discretionary basis. As of December 31, 2023, the amount of assets held by the Funds was approximately \$5,898,767,266.

Item 5. Fees and Compensation

A. Management Fees

As compensation for investment supervisory services rendered to the FS Funds, the Firm receives from each such FS Fund a management fee. Management fees paid by an FS Fund are indirectly borne by investors in such FS Fund. The precise amount of, and the manner and calculation of, the management fees for each FS Fund are established by the Firm and are set forth in such FS Fund's Organizational Documents. The management fees are generally subject to waiver or reduction by the Firm in its sole discretion. The fee structures described above are modified from time to time. Fees will on occasion differ from one FS Fund to another, as well as among investors in the same FS Fund. Parallel Funds generally do not pay management fees. Details about such fees and expenses are contained in the Organizational Documents of a Fund.

The Funds' General Partners are also entitled to receive from each Fund performance-based compensation ("**Carried Interest**") as further described in **Item 6** below. The specifics of each fee arrangement are negotiated for each Fund and are set forth in the limited partnership agreement ("**Partnership Agreement**") related to the specific Fund.

B. Payment of Management Fees

The General Partner of each FS Fund calls capital from investors not affiliated with the Firm in each respective FS Fund for payment of management fees. Management fees are then paid by each of the FS Funds to the Firm.

Subject to an FS Fund's Organizational Documents, management fees paid by a FS Fund will generally be reduced by a percentage of (1) the amount of fees paid by such FS Fund to persons acting as a placement agent in connection with the offer and sale of interests in such FS Fund to certain potential investors and/or (2) certain Transaction and Monitoring Fees (as defined below) received by the Firm from a FS Fund's portfolio companies and prospective portfolio companies (with respect to a break-up fee), as further described in **Item 5.C** below.

In the event the Firm receives compensation that would be applied to offset an FS Fund's management fees and such compensation exceeds any remaining management fees due at the end of the life of the FS Fund, such excess compensation generally will be remitted to the investors in the applicable FS Fund.

C. Other Fees and Expenses

Transaction and Monitoring Fees

As described in **Item 11** the portfolio companies and prospective portfolio companies (with respect to a break-up fee) in which a Fund invests typically pay a variety of cash and equity compensation such as directors' fees, transaction fees, consulting fees, advisory fees, monitoring fees, break-up fees and other fees ("**Transaction and Monitoring Fees**") to the Firm or any of its employees in connection with the consummation, holding or disposition of a portfolio company investment or the termination of an unconsummated investment by the Fund. Any such Transaction and

Monitoring Fees received by the Firm or any of its employees will be remitted to the Firm. These Transaction and Monitoring Fees are often substantial.

As noted in **Item 5.B** above, in general, a percentage of such fees received by the Firm or any of its employees (after a deduction for applicable expenses) will be credited toward an offset of the management fee. The remainder will be retained by the Firm. The amount and manner of such offset is set forth in the Organizational Documents of the applicable Fund. To the extent any Transaction and Monitoring Fees relate to more than one Fund, the Firm will allocate any such fees among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. Any reduction of an FS Fund's management fees will be limited to the extent of such FS Fund's investment (or prospective investment) in a portfolio company in proportion to the aggregate investment (or prospective investment) of all Funds to the applicable portfolio company. With respect to certain FS Funds, the portion of any such fees allocated to a Parallel Fund (as Parallel Funds generally do not pay management fees), co-investment vehicle or other co-investor that does not pay management fees, or to capital committed by an FS Fund investor that does not pay management fees, will not benefit such entities, to the extent permitted by the Organizational Documents of certain FS Funds, and will be retained by the Firm. The Organizational Documents of certain FS Funds provide that the management fee reduction for an FS Fund will be determined by taking into account such FS Fund's actual or anticipated ownership of the particular portfolio company relative to the actual or anticipated ownership of the FS Fund, any Parallel Fund, and other vehicles or third parties. Certain Transaction and Monitoring Fees are prepaid for a given year. To the extent there is a realization event (such as an initial public offering or strategic exit) during such year, the portion of such fees attributable to the remainder of the year will be refunded to the portfolio company.

From time to time, the Adviser (in its sole discretion) may agree to pay a portion of a Transaction Fee or Monitoring Fee received from an actual or prospective portfolio company to a third party, such as a consultant, advisor, Industry Executive, finder, broker, investor, co-investor and/or investment bank. The Adviser is not required to share the portion of any Transaction Fee or Monitoring Fee paid to a third party with the Funds (or their investors) and, therefore, the portion of any Transaction Fee or Monitoring Fee paid to such third party will not reduce the Advisory Fee.

Any fees that accrue to the benefit of former Firm personnel or other persons who are or become unaffiliated with the Firm (even if any such fee is earned during their tenure with the Firm) do not reduce the management fees or otherwise benefit the Funds or their investors. Similarly, any fees that accrue to the benefit of Firm personnel or other persons who are affiliated with the Firm prior to their association with the Firm (even if any fee received in kind is realized or otherwise converted to cash during their tenure with the Firm) do not reduce the management fees or otherwise benefit the Funds or their investors.

Payments Made to Third Parties

The Firm engages and retains senior advisors, advisers, consultants, and other similar professionals, including but not limited to Industry Executives (discussed in **Item 8**) who are not employees or affiliates of the Firm and who, in addition to any retainer paid by the Firm, receive additional compensation from, or allocations with respect to, portfolio companies and/or other

entities. Such remuneration includes, but is not limited to, consulting fees, salary, bonus, director fees, and stock options and will not be deemed paid to or received by the Firm and its affiliates. For the avoidance of doubt, such remuneration will not be remitted to the applicable Funds or otherwise subject to the offset described above. For a discussion of the material conflicts of interest created by the engagement of such persons, please see “*Conflicts Related to Industry Executives*” in **Item 11** below.

Expense Reimbursement

Additionally, a portfolio company will reimburse the Firm for expenses incurred by the Firm in connection with its performance of services for a portfolio company, including, without limitation, travel and travel-related expenses (which have in the past, and may in the future, include, without limitation, expenses for commercial and non-commercial transportation (including chartered, private plane, first class or business class travel, “black car” and private car travel), lodging and accommodations, and meals (including late night meals while not traveling)), entertainment expenses, expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses; such reimbursed expenses are generally not included as “Transaction and Monitoring Fees” under the terms of the applicable Organizational Documents, and such reimbursements are not subject to the offset described above. For a discussion of material conflicts of interest created by the receipt of such reimbursements, please see **Item 11** below.

Fund Expenses

To the extent permitted by a Fund’s Organizational Documents, each Fund generally bears all expenses relating to its activities (to the extent not reimbursed by a portfolio company), including (1) the fees, costs and expenses of service providers to a Fund, including attorneys, accountants, administrators, advisors, auditors, consultants, valuation experts, due diligence professionals, and other service providers, (2) interest on, and fees, costs and expenses arising out of, a Fund’s borrowings and indebtedness and any other amounts due under any borrowing or a Fund obligation (including the costs and expenses incurred in obtaining, negotiating, entering into, effecting, maintaining, varying, refinancing, extending or terminating such borrowings and commitments and interest arising therefrom), (3) premiums and fees for insurance including insurance premiums of any director and officer liability, general partner liability, errors and omissions or other insurance and extraordinary administrative or operating expenses, including, without limitation, all litigation, arbitration, settlement, and indemnification costs, expenses, judgments or settlements, including insurance of which the Firm and its affiliates are beneficiaries, and cybersecurity insurance premiums, (4) litigation expenses (including discovery requests) and other extraordinary expenses related to a Fund, any portfolio investment, any potential portfolio investment or a person in which a Fund holds a portfolio investment and certain others, (5) fees, costs and expenses associated with maintaining a Fund, the General Partner and subsidiary entities, and other entities, including co-investment entities, alternative investment vehicles, Parallel Funds, feeder funds, and including fees, costs, and expenses associated with compliance with any government, tax, securities law, and other legal requirements and/or regulatory filings related to a Fund or its investors or the offering of interests (including regulatory filings of the Firm and its affiliates relating to a Fund, including without limitation, preparation and filing of Form PF,

registration, any AIFMD filings, management of compliance with FATCA or similar regimes and including reimbursements of any fees and expenses to advisers, service providers and other third parties, but not, for the avoidance of doubt, filings solely related to the operation of the Firm generally), other than fees, costs and expenses associated with amendments or restatements to the constituent documents of a General Partner that are made solely for purposes of addressing internal matters of a General Partner, (6) fees, costs and expenses relating to an advisory committee and its members, (7) fees, costs and expenses incurred in connection with the preparation of all reports to the limited partners or an advisory committee or for purposes of complying with any applicable law, rule or regulation, including software and information technology expenses, (8) all fees, costs and expenses of holding any meetings of or conferences with the partners (including prospective investors) or an advisory committee (including, without limitation, all fees, costs and expenses related to (A) any preliminary or preparatory meeting held in advance of such meeting, (B) third-party advisers to a Fund and a General Partner and potential investors in a subsequent fund who are in attendance at such meetings and (C) meetings with portfolio personnel, in each of the foregoing clauses (A)-(C), reasonable meals and entertainment related thereto), (9) fees, costs and expenses incurred in connection with any indemnification obligations of a Fund, except, for the avoidance of doubt, costs and expenses that are excluded under the indemnification provisions of a Fund's Partnership Agreement, (10) fees, costs and expenses (including travel at commercial airline rates, lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), and social and entertainment events with portfolio entity management, customers, clients, borrowers, brokers and service providers)) related to or arising from (A) the discovery, investigation, development, research, acquisition or consummation, ownership, maintenance, monitoring, financing, hedging, currency conversions, or disposition of portfolio investments, permitted temporary investments and potential portfolio investments, (B) the sourcing, diligencing and evaluation of potential portfolio investments (irrespective of whether any such investment is ultimately consummated) (including expenses and fees that would have been allocable to co-investment vehicles or other co-investors), (C) expenses and fees generated in the course of the organization, maintenance, administration, operation and negotiation of joint ventures arrangements and platform investments, and (D) the managing and facilitating of stakeholder relationships, which may include attendance at or sponsorship of civic events in such communities, as well as contributions to charitable initiatives or other non-profit organizations, to the extent that the Firm believes such activities could, directly or indirectly, enhance the value of the Fund's investments or otherwise serve a business purpose for, or be beneficial to, the Fund or its portfolio companies, (11) expenses related to a Fund's exercise of its remedies with respect to defaulting partners, (12) any taxes, fees, duties, penalties or other governmental charges incurred, payable by or levied against a Fund (except to the extent that such taxes, fees, or governmental charges have actually been reimbursed or deemed to have been paid by a partner or former partner), (13) advertising costs, (14) broken deal expenses, including, without limitation, formation and organizational expenses incurred by a co-investment entity formed to facilitate such investment, (15) management fees, (16) a Fund's organizational expenses, (17) placement agent fees and expenses, (18) expenses incurred in connection with complying with provisions in investor Side Letter agreements, including "most favored nation" provisions, (19) research and other information (including, but not limited to, data and information service subscriptions, related systems and services from data providers and data management software) (and including any research or other service that may be deemed to be bundled for the benefit of such Fund), as well as the information technology systems used to obtain such research

and other information related to an actual or potential portfolio investment; but not including general research services and subscriptions (e.g. Bloomberg terminals), which shall be borne by a General Partner or the Firm, (20) subject and industry-matter research and experts directly or indirectly related to an actual or proposed portfolio investment or the Target Sectors (21) bridge financing expenses and (22) any expenses and costs related to the preparation, printing and delivery of any report, certificate or opinion required under a Fund's Organizational Documents; provided, that any taxes, fees, and other expenses that the Firm reasonably determines are unique to maintaining the operations of a feeder fund will be borne solely by such feeder fund.

From time to time, the General Partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory consideration of investors ("SPVs"). In the event the General Partner creates an SPV, consistent with the Organizational Documents of the Fund, all expenses will typically be borne by the Fund, and indirectly, the investors thereof (even if such investors do not participate in any such SPV) related to its organization and formation and other expenses incurred solely for the benefit of the SPV. In addition, expenses of the type borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of account and tax services) may be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle). In addition, the Funds will bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Firm personnel.

In addition, the Firm, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to certain Funds, which services may include coordination of the Funds' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting which with the Funds are required to comply. Pursuant to a Fund's respective Organizational Documents, all or a portion of the expenses allocable to a Fund related to such service providers are borne by such Fund.

Allocation of Expenses

From time to time the Firm will be required to decide whether certain fees, costs and expenses should be borne by the Firm, a Fund, a portfolio company, co-investors and/or a third party (each, an "**Allocable Party**"). The Firm allocates fees, costs and expenses in accordance with a Fund's Organizational Documents. To the extent not allocated to a portfolio company, the Firm will allocate out-of-pocket fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Allocable Parties of third-party expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Firm in its good faith discretion, consistent with the Organizational Documents

of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Firm generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. If a proposed transaction is not consummated, all of the expenses incurred in connection with the unconsummated transaction will be borne solely by the Fund or Funds selected by the Firm as proposed investors to the transaction and will not be borne by any co-investors expected to participate in the proposed transaction.

With respect to allocating other expenses among Fund(s) and/or third parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Firm will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other fair and equitable method as determined by the Firm in its sole discretion). For example, travel and related expenses in connection with a trip taken by employees of the Firm and/or the General Partner for purposes of multiple matters may be allocated by the General Partner at its discretion. The Firm will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service will not always reflect the relative benefit derived by such Fund from that service in any particular instance and the Firm may determine an allocation of expenses to be fair and equitable even where a Fund is required to bear more than its proportional share of such fees or expenses relative to other Allocable Parties receiving the same service or participating in the same transaction. In addition, a Fund will bear more or less of a particular expense based on the methodology used, and a Fund will bear more or less of a particular expense based on the number of Allocable Parties the Firm selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Firm generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Firm will not re-allocate the expense to each such future Allocable Party, and such future Allocable Part(ies) will benefit at the expense of other Allocable Parties, including the Funds.

There may be occasions when one Allocable Party (the “**Payor Allocable Party**”) pays an expense common to multiple Allocable Parties (the “**Allocated Parties**”) (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, promptly after the payment is made by the Payor Allocable Party. There may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the Organizational Documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocable Party.

In the event the Firm is making any determination regarding whether an allocation is fair and equitable, the Firm will have discretion in such determination, and will typically evaluate facts and circumstances relevant to the particular allocation, which may include consideration of a number of factors that include, without limitation, some or all of the following: timing of the transaction, benefit to a Fund to have co-investors participate, relative negotiating power, any contractual requirements or limitations, relevant disclosures to the Allocable Parties, whether costs and expenses are incurred for the benefit of one party, and whether costs and expenses are incurred in connection with regulatory, tax, accounting, or similar requirements applicable to a particular party. The application of such considerations is in certain circumstances expected to result in the Firm determining that it is fair and equitable for a Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs). This Firm's discretion in making such determination creates a potential conflict of interest as the Firm may have an incentive to allocate expenses to a particular Fund over another Fund or other co-investor.

Co-Investment Vehicle Fees and Expenses Allocation

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside a Fund may be formed in connection with the consummation of a transaction. Consistent with the Organizational Documents, in the event a co-investment vehicle is created to invest alongside a Fund, certain expenses (including those related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle, as well as expenses incurred in connection with making and holding an investment) are generally borne by the investors in such co-investment vehicle. In addition, a co-investment vehicle will also generally bear its pro rata portion of expenses incurred in connection with the making of an investment.

Unless the Firm determines otherwise in its sole discretion or subject to negotiations with a particular co-investor, in general neither co-investment vehicles nor co-investors will bear any expenses relating to a proposed but not consummated transaction ("**Dead Deal Costs**"), even if a co-investment vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transaction. For example, it is possible that a co-investor will not agree to share expenses with a Fund if a transaction is not consummated. As a result, Dead Deal Costs are generally borne by the Fund or Funds selected by the Firm as proposed investors for such proposed transaction which will result in the Fund bearing more than its pro rata share of Dead Deal Costs. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction.

Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to Industry Executives (as defined below) and other third parties), any travel and travel-related expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs

and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Any fees and expenses incurred in connection with the organization of a co-investment vehicle (including fees and expenses related to negotiating the governing documents of such co-investment vehicle as well as fees and expenses described above) that is expected to invest alongside the Funds in an investment are expected to be borne by the Funds to the extent such co-investment vehicle does not ultimately make such investment, whether or not such investment is consummated by the Funds.

From time to time, the Funds will incur certain ongoing expenses that benefit a co-investment vehicle or co-investor (for instance, insurance premiums). In such instances, and to the extent permitted by applicable law, these ongoing expenses will be borne solely by the applicable Fund and will not be borne by any benefiting co-investment vehicle or co-investor. In addition, certain ongoing operational costs of a co-investment vehicle will from time to time in the General Partner's discretion be paid by the portfolio company that such co-investment vehicle invested into. In such instances, portions of these expenses will be indirectly borne by the applicable Fund and not the benefiting co-investment vehicle and will not reduce any fees otherwise payable to the Firm, General Partner or their affiliates.

In addition, the Firm and its affiliates have discretion to (i) receive performance-based compensation, management fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

The Funds may, under certain circumstances, bear broken deal expenses associated with unconsummated transactions in excess of the amount of the Funds' share of such investment had such investment been consummated (e.g., to cover the portion thereof attributable to any co-investors or other parties that may have invested in an unconsummated investment had it been consummated that do not bear such broken deal expenses), and in such circumstances the amount of expenses borne by the Funds (and allocated pro rata to all limited partners, without taking into account any applicable excuse or exclusion of any limited partner) would increase. Any limited partner that would have exercised its right to opt-out of a potential portfolio investment (pursuant to the terms of its Side Letter or otherwise) would still be required to bear its share of any broken deal expenses associated with such potential portfolio investment in the event it is not consummated.

D. Fees Payable in Advance

The management fees are paid semi-annually in advance, shortly following the commencement of such semi-annual period, or quarterly in advance, subject to the terms of the applicable Fund's Organizational Documents.

In the event a FS Fund overpays the management fee for any period payable in advance (whether by reason of a change in the calculation of the management fee, a termination of the management fee, or otherwise), the excess payment will either be credited against the amount due for the next payment or refunded.

If the Firm is removed as the investment adviser to a FS Fund, the Firm will be entitled to the management fee relating to the full period, as applicable, during which it was removed, unless it was removed for malfeasance, in which case the portion of the management fee for any partial period after the date of removal will be returned.

E. Compensation for the Sale of Securities

Neither the Firm nor any of its supervised persons accepts any compensation for the sale of securities or other investment products, including units of ownership in the Funds.

Item 6. Performance-Based Fees and Side-By-Side Management

Performance-Based Profits Allocations

As noted in **Item 5.A** above, the General Partners are entitled to receive distributions of Carried Interest from each Fund. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

Potential Conflicts of Interest

The existence of Carried Interest compensation may create an incentive for the Firm to make riskier or more speculative investments than it would otherwise make in the absence of such an arrangement.

While it is inherently uncertain what position the current administration or future administrations will take going forward, legislation has been passed in the United States, which, among other things, provides that gains in respect of a General Partner's right to Carried Interest will be subject to a three year "holding period" in order to be classified as "long term capital gains", while the corresponding holding period requirement with respect to limited partners is one year. Please see "**Tax Reform Risk**" in **Item 8** below.

The terms of the Carried Interest could also give the Firm an incentive to make decisions regarding the timing and structure of realization transactions that are not necessarily in the best interests of investors. For example, the General Partner of a Fund would be in a position to receive Carried Interest distributions earlier if profitable investments are liquidated prior to investments that are not profitable because, at the time proceeds from such profitable investments are liquidated, the General Partner would not be required to first distribute capital to limited partners to make up for prior losses associated with unprofitable investments although the Firm would be required to take into account any write downs, as discussed below.

The Carried Interest also creates a potential conflict of interest for the Firm in valuing investments. For example, the General Partner of a Fund will not receive a Carried Interest until the limited partners in such Fund receive distributions equal to their share of any write downs that were not taken into account for prior distributions. This creates an incentive for the Firm to avoid writing down the value of assets that are not readily marketable or difficult to value because the General Partner will be in a position to receive a higher Carried Interest.

The payment of Carried Interest at varying effective rates based on the past performance of a Fund could create an incentive for the Firm to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher effective rate, or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated, at least in part, by (i) certain limitations on the ability of the Firm to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

Please see **Item 11** below for additional information relating to how conflicts of interest are generally addressed by the Firm.

Item 7. Types of Clients

Each Fund is a client of the Firm. As further described in **Item 4** above, the Firm provides investment advice to the Funds and makes investment decisions on behalf of the Funds consistent with the stated investment objectives set forth in each Fund's respective Organizational Documents. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to investors in such Fund.

The Funds generally accept potential investors who are "accredited investors" as defined in Regulation **D** under the Securities Act of 1933, as amended (the "**Securities Act**") and "qualified purchasers" as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

The Firm does not have a minimum size for a Fund, but, depending on the Fund documents, minimum investment commitments have in the past and may in the future be established for investors in the Funds.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

INVESTMENT STRATEGY

The Firm focuses its investments in the Target Sectors, with transactions typically ranging from \$250 million to \$750 million in enterprise value and equity investments generally ranging from \$75 million to \$300 million. The Firm invests in companies that have established defensible market positions in products, channels, or geographic niches. The Firm is particularly attracted to situations in which its in-depth knowledge of the target's particular sector allows the Firm to identify areas of potential operating improvement or strategic initiatives that may help transform a company and increase its value. An integral part of the Firm's investment philosophy is to partner with strong management teams and enable them to become significant owners of their businesses. Although the Firm prefers control investments, it will selectively consider minority investment opportunities where its industry knowledge and the board's voting composition allow the Firm to exert significant influence. The Firm actively participates in the development and growth of each of its portfolio companies.

The Firm utilizes the services of talented independent consultants with extensive industry experience ("**Industry Executives**"). The Industry Executives generally assist the Firm in sourcing and evaluating investment opportunities as well as developing and implementing strategic and growth initiatives for portfolio companies with which they work. Certain Industry Executives with expertise in certain critical functions such as information technology or operations, are expected to also be retained by the Firm as subject matter experts to be available on a prospective basis to work on investment opportunities or with portfolio companies. For their service, certain of the Industry Executives receive a consulting fee and/or retainer from the Firm and, in the case of subject matter experts, may also be retained and/or paid directly by a portfolio company as determined between the portfolio company and such Industry Executive. In their capacities as directors, they also receive directors' fees directly from the portfolio companies paid in the form of cash and stock options. Industry Executives also in the past have received, and in the future are expected to receive, transaction fees and/or other fees or compensation from or in connection with certain of the Funds' investments. Because Industry Executives are not affiliates of the Firm, these directors' fees, other compensation or retainer received by Industry Executives from portfolio companies are not offset against the Firm's management fees. In addition, to ensure their interests are properly aligned with the Firm's, Industry Executives invest directly in the portfolio companies for which they serve as directors and may also invest in certain FS Funds. These executives have significant operating experience in the Target Sectors.

INVESTMENT PROCESS

The Firm employs a five-step approach to investing: proactive deal sourcing, rigorous due diligence, prudent transaction structuring, post-closing value creation, and opportunistic monetization.

In addition to evaluating investment opportunities in connection with sale processes, the professionals of the Firm also proactively reach out to various intermediaries in order to generate new business ideas and stay in front of new deals coming to the market. The Firm leverages its relationships with key executives in the consumer and distribution sectors to assist in the

identification of potential investments. The Firm bases its investment decisions on extensive due diligence reviews to help identify and manage the risks and evaluate the growth opportunities associated with acquisitions. The Firm's due diligence investigations are enhanced by the Industry Executives and other third-party consultants who have operating expertise in the sector in which the potential portfolio company participates. The Firm prefers management to focus on growing its business rather than managing a highly leveraged capital structure, and actively works to increase the value of its companies through both organic and acquisition growth. The Firm takes an opportunistic approach to monetization. Decisions regarding exit timing and methodology are based primarily on expectations regarding a portfolio company's future operations and general conditions in the capital markets.

INVESTMENTS AND RISK OF LOSS

An investment in a Fund involves various risks. A Fund may lose all or a substantial portion of its investments, and prospective investors in Funds must be prepared to bear the risk of a complete loss of their investments. There is no guarantee of a Fund's successful performance, that a Fund's investment objectives can be reached or that a positive return will be achieved. As a general rule, investors should expect that investments with higher return potential will also have higher potential of risk of loss to capital and/or income. A Fund itself is not a balanced investment program for purposes of an investor's portfolio diversification needs and, therefore, investors should consult with their own financial advisers for the appropriateness of an investment in a Fund for their overall investment program. In addition to the information set forth in a Fund's offering document, a prospective investor in a Fund should consider the following factors and other considerations. The following risk factors do not purport to be a complete examination of all of the risks involved.

Risks Relating To Fund Investments Control Investments and Directorships

A Fund will acquire control positions in certain companies in which it invests. Additionally, officers and employees of the Firm will at times serve as directors of portfolio companies in which a Fund invests. The exercise of control over a company through a control position, or the service of an officer or employee of the Firm as a director of such company, could (i) expose the assets of a Fund to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, a Fund, directly, and the Fund's partners indirectly, would likely suffer losses, which may be significant with respect to their investments.

Long Term Nature of Portfolio Company Investments

The Funds intend to construct a portfolio of investments that the Firm believes have the ability to appreciate and/or generate attractive cash flow over extended periods of time. The investments of a Fund are unlikely to provide current income, which is not an objective of the Funds. Certain of the Funds' investments may not be disposed of in an advantageous manner prior to the date that Funds will be dissolved, either by expiration of a Fund's term or otherwise. Therefore, it is expected that no significant liquidity from the disposition of a Fund's investments will occur for a significant period of time after its initial closing.

Illiquidity of Portfolio Investments

Practical limitations may inhibit a Fund's ability to liquidate certain of its investments in portfolio companies since the issuing portfolio companies will in many cases be privately held and the Funds will likely own a relatively large percentage of the equity securities of such portfolio companies. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations described herein on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

It is anticipated that all or a substantial portion of the Funds' investments will consist of securities that are subject to restrictions on sale by the Funds because they were acquired from the issuer in "private placement" transactions or because the Funds will be deemed to be affiliates of the issuer. Generally, a Fund will not be able to sell these securities publicly in the United States without the expense, time and other burdens required to register the securities under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions.

Portfolio Company Risks

A Fund will be invested in certain portfolio companies that are subject to a high degree of business and/or financial risks. Certain portfolio companies will be distressed or have operating losses, or significant variations in operating results, and certain portfolio companies will be engaged in a rapidly changing business subject to a substantial risk of competition and/or other significant challenges to their sustained operations and profitability. There can be no assurance that any portfolio company investment will be successful. In addition, certain portfolio companies require substantial additional capital to support their operations, to finance expansion and/or to maintain their competitive positions, or otherwise have weak financial conditions. Certain portfolio companies in which a Fund will invest face intense competition from larger and/or more experienced companies with greater financial and technical resources, more marketing and service capabilities and/or a greater number of qualified personnel.

Market Disruption and Geopolitical Risk

The Funds are subject to the risk that war, cyber attacks, terrorism, global health crises or similar pandemics, and other related geopolitical events which have led and may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, and may have adverse effects on issuers of securities and the value of a Fund's investments. Those events as well as other changes in world economic, political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Fund's investments. At such times, a Fund's exposure to a number of other risks described elsewhere in this section can increase.

Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health

concern, war, trade war, cyber security breaches, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Fund may invest specifically. Additionally, a major governmental intervention into an industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets (including, for example, recent government action in response to COVID-19 (as defined below)), could result in a loss to a Fund, including if its investment in such portfolio company is canceled, unwound or acquired (which could be without what a Fund considers to be adequate compensation). Deterioration in economic conditions could cause decreases in or delays in spending and reduce and/or negatively impact a Fund's or portfolio companies' short-term ability to grow revenues. Further, any early termination of agreements due to deterioration in economic conditions could negatively impact results of operations of portfolio companies. Any of the foregoing may therefore adversely affect the performance of a Fund and its investments.

Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, hurricanes, terrorist attacks, floods, pandemics or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the Funds' investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property, if decided to be obtained. As a result, all Fund investments may not be insured against terrorism or certain other risks. If a major uninsured loss occurs, a Fund could lose both invested capital in and anticipated profits from the affected Fund investments.

Brexit – Changes to the European Union and the Applicability of the Treaty on the Functioning of the European Union

The United Kingdom (the “UK”) left the European Union (the “EU”) on January 31, 2020 (“Brexit”). During an 11-month transition period, the UK and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the UK from January 1, 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the EU as the UK previously maintained as a member of the EU and during the transition period. In particular, the Trade and Cooperation Agreement does not yet include an agreement on financial services. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the EU.

From January 1, 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and

it is impossible to predict the consequences on the Funds and their investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on UK, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investment by the Funds.

The future application of EU-based legislation to the private fund industry in the UK and the EU will ultimately depend on how the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Funds and their portfolio companies, including the ability of the Funds to achieve their investment objectives. Brexit could result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Firm and its affiliates to manage, operate and invest the Funds and an increased legal, regulatory or compliance burden for the Firm, its affiliates and/or the Funds, each of which could have a negative impact on the operations, financial condition, returns or prospects of the Funds.

Areas where the uncertainty created by the UK's withdrawal from the EU is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within EU countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Funds' portfolio companies and the ability to achieve the investment objectives of the Fund

Russian Invasion of Ukraine

On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions) and shortly thereafter commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine. This has led various countries (including the United States) to issue sanctions against Russia and against certain foreign individuals and national leaders who have supported Russia's invasion of Ukraine. Further sanctions may be forthcoming. Russia's invasion of Ukraine and the displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions and other restrictions could have a negative impact on various economies and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. Furthermore, given the ongoing and evolving nature of the conflict, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and

risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

Custody and Banking Risks

The Funds maintain funds with one or more banks or other depository institutions (“banking institutions”), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, the General Partners and/or the Firm transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Fund or one or more of its portfolio companies holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution’s assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund’s General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund’s General Partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

Financial Market Fluctuations and Deteriorating Current Market Conditions

The success of the Funds’ activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates (including recent rising inflation rates), economic uncertainty, changes in laws (including laws relating to taxation of portfolio investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations and actual or threatened epidemics or pandemics, such as COVID-19). Instability in the securities markets will also likely increase the risks inherent in the Funds’ portfolio investments. In addition, certain recent bank failures could be a sign of systemic economic weakness that could be revealed over time, and the effect on inflation of the related remedies by the U.S. Federal Government could cause further adverse economic implications. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds.

Global financial markets in recent years have experienced periods of unprecedented turmoil. Lending and the global credit markets continue to experience substantial volatility, disruption, liquidity shortages and to some extent financial instability. Global financial markets have

experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Funds to greater market and liquidity risk.

The ongoing COVID-19 coronavirus pandemic, the Russian invasion of Ukraine, and recent oil and natural gas price shocks resulting from disputes among members of the Organization of Petroleum Exporting Countries, together with, among other events, the ensuing global market turmoil, unprecedented global travel restrictions and regional and nationwide quarantines that have been implemented by several governments and the slowing and/or complete idling of certain significant U.S. and global businesses and sectors, have led to a market correction in the U.S. and elsewhere, and have led most market participants and commentators to expect an economic downturn in North America, Europe and/or globally.

Risks to a robust resumption of growth persist: a weak consumer sector, high unemployment rates, the growing size of budget deficits and national debt of countries around the world, the threat of inflation, the continued uncertain economic consequences of COVID-19 and the Russian invasion of Ukraine. Political and economic leaders in the U.S. and abroad have begun implementing measures to attempt to address the increasing uncertainty in global markets and the global economy. The full impacts of the pandemic and other disruption on markets, business activity and the U.S. and global economy, as well as potential changes in U.S. economic and fiscal policies that may be adopted to address the pandemic, price shocks and related externalities, are not yet fully identified or understood.

The Funds' investment strategies and the availability of opportunities satisfying the Funds' investment objective relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Firm will prove correct and actual events and circumstances may vary significantly.

Regulatory Approvals

A Fund may invest in portfolio companies believed to have obtained all material U.S. federal, state, local or non-U.S. approvals required as of the date thereof to acquire and operate their facilities. In addition, a Fund may be required to obtain the consent or approval of applicable regulatory authorities in order to acquire or hold certain ownership positions in portfolio companies. A portfolio company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Moreover,

additional regulatory approvals, including without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in the companies' customers or for other reasons. There can be no assurance that a portfolio company will be able to (i) obtain all required regulatory approvals that it does not currently have or that it may be required to have in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or sales to or from third parties or could result in additional costs to a portfolio company.

Regulatory changes in a jurisdiction where a portfolio company is located may make the continued operation of such portfolio company infeasible or economically disadvantageous and any expenditures made to date by such portfolio company may be wholly or partially written off. The locations of the portfolio companies may also be subject to government exercise of eminent domain power or similar events. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred by the portfolio companies and could significantly reduce or entirely eliminate any potential revenues generated by one or more of the portfolio companies, which could materially and adversely affect returns to the Funds.

Inflation

Inflation is a sustained rise in overall price levels. Moderate inflation is associated with economic growth, while high inflation can signal an overheated economy. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of the Funds' assets can decline). Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if a portfolio company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Portfolio companies may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, a portfolio company may earn more revenue but incur higher expenses. As inflation declines, a portfolio company may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages, prices of inputs and borrowing costs increase during periods of inflation, which can negatively impact returns on investments. These impacts on a portfolio company in turn will impact the Funds and their investments.

Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve (the "**Federal Reserve**"), generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and the Funds'

investments may not keep pace with inflation, which may result in losses to the Funds. Further, certain countries, including the U.S., have recently seen increased levels of inflation and have attempted to moderate such increases by raising interest rates. There can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on the Funds' returns. If inflation continues to increase, the real value of the Funds' portfolio could decline and the interest payments on Funds' borrowings, if any, may increase.

Current Market Conditions and Governmental Actions Related to Financial Markets

In reaction to economic events of recent years, regulators and legislators in the U.S. and several other countries have undertaken unprecedented regulatory and political actions and continue to consider and implement other measures to stabilize financial markets from time to time. However, despite these efforts and the efforts of securities regulators and legislators of other jurisdictions, global financial markets remain extremely volatile. It is uncertain whether the regulatory and legislative actions already taken or any other regulatory or legislative actions will be able to prevent further losses and volatility in securities markets.

The changes in administration of the U.S. executive government in recent years and overall political climate, for example, has increased uncertainty regarding future political, legislative or administrative changes that may impact the Firm, the Funds and their portfolio companies. Significant uncertainty remains in the market regarding the U.S. political climate, and the range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict. Such uncertainty may have an adverse effect or may cause volatility in the U.S. or global economies and currency and financial markets in the short or long term, as well as the values of the Funds' and their portfolio companies' ability to execute its investment strategy or the financial prospects of its investments. Such changes could impact the laws and regulations applicable to the Firm, the Funds and the Funds' portfolio companies. While certain of such changes could beneficially impact the Funds or their portfolio companies, other changes may more beneficially impact competitors, or could adversely impact the Funds or their portfolio companies.

Certain portfolio companies may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the longer term, there may be significant new regulations that could limit the portfolio companies' and Funds' activities and investment opportunities or change the functioning of capital markets. Consequently, the Funds may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing their risks.

Middle Market Companies

Investments in middle market companies such as those that a Fund targets for investment, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Middle market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. Moreover, companies with new revenue streams could sustain significant losses if projected markets do not materialize. As a result, such companies may be more adversely impacted by general economic trends and specific changes in markets and technology than larger companies.

Further, such companies may have, or develop, only a regional market for specific revenue streams and may be adversely affected by purely local market conditions. In addition, future growth may be dependent on additional financing, which may not be readily available on acceptable terms at the time needed. Further, there is ordinarily a more limited marketplace for the sale of interests in such private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. In addition, the relative illiquidity of private investments in middle market companies, could make it difficult for a Fund to react quickly to negative economic or political developments. Middle market companies also may have shorter operating histories on which the Funds can judge future performance when making the decision to invest. Lastly, such companies may face intense competition from larger companies and could entail a greater risk to a Fund than investment in larger companies.

Competition for Investments

The business of identifying, structuring and completing transactions of the nature contemplated by A Fund is highly competitive and involves a high degree of uncertainty, especially with respect to timing. A Fund will be competing for investments with other private equity investment vehicles as well as strategic buyers and other institutional investors. The availability of attractive investment opportunities generally will be subject to market conditions as well as the prevailing regulatory and political climates. The size and number of private equity investment vehicles has grown dramatically, and it is likely that these trends will continue in the future. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, or more personnel than a Fund, the Firm or their affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to a Fund and adversely affecting the terms upon which investments can be made.

A Fund is unlikely to have identified any particular investment prior to its effective date, nor can there be any assurance that a Fund will be able to locate suitable investment opportunities in the future or acquire them for an appropriate level of consideration. Likewise, there can be no assurance that a Fund will be able to realize upon the value of its investments or that it will be able to invest its committed capital. To the extent that a Fund encounters competition for investments, returns to limited partners may decrease, including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. In addition, limited partners will be required to pay management fees based on capital commitments throughout the investment period irrespective of whether a Fund is able to deploy all of its capital commitments. Additionally, a Fund may incur bid, due diligence, negotiating, consulting or other costs on investments that may not be successful. A Fund may not recover all of such costs, which would adversely affect returns.

There generally will be little or no publicly available information regarding the status and prospects of prospective portfolio companies. Many investment decisions by the General Partner and the Firm will be dependent upon the ability of their respective members and agents to obtain relevant information from non-public sources, and the General Partner and the Firm often will be required to make decisions without complete information or in reliance upon information provided

by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the General Partner's and Firm's control.

Improvement in Portfolio Company Operations Critical to Investment Success

The success of a Fund's investment strategy depends on the effectiveness of efforts to improve the operating performance of portfolio companies following investment. Initiatives to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, and the consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to achieve improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of the General Partner and the Firm, may be insufficient to affect such initiatives, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on such investment.

Hedging Transactions May Affect Overall Performance

The Funds may choose, but are not required, to engage in transactions designed to reduce the risk or to protect the value of their investments, including securities hedging transactions. To the extent a General Partner elects to engage in these transactions, a Fund will incur additional costs, and there can be no assurance that any particular hedging strategy will achieve its intended purpose or that suitable hedging transactions will be available or be available at a reasonable cost. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions and may result in decreased returns. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for a Fund than if it had not entered into such hedging transactions.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. A Fund's investments involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks will potentially have a more pronounced effect on the profitability or survival of such companies. In using leverage, these portfolio companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates increase portfolio company interest expense. If a portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company. While the use of leverage will create opportunities to increase a Fund's returns, it also may increase a Fund's losses. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions (e.g., due to adverse

changes in economic or financial market conditions such as those described above or a decreased appetite for risk by lenders) can materially impair a Fund's ability to consummate portfolio investments, to make leveraged distributions or to sell investments to buyers who utilize similar leverage strategies.

A Fund's ability to achieve attractive rates of return on investments may depend on the ability of their portfolio companies to access sufficient sources of debt at attractive rates, including at the time of acquisition, during their lifetime, and at the time of disposition by the Fund. However, availability of capital from the debt markets is subject to volatility from time to time, and there may be times when the Funds or their portfolio companies might not be able to access those markets at attractive rates, or at all, when contemplating an investment. Use of leverage by a Fund (or any of its portfolio companies) may generate "Unrelated Business Taxable Income" ("UBTI") and tax-exempt investors should therefore refer to the related considerations in the applicable Fund's Organizational Documents.

Initial Public Offerings

Funds may invest in companies whose securities are subsequently sold pursuant to initial public offerings. Such securities (i) have no public market prior to their initial offering and there is no assurance that (a) an active public market in such securities will develop or continue after their initial offering or (b) the initial public offering price of such securities will be indicative of the market price for such securities after their initial offering and (ii) are subject to lockups and restrictions in connection with their initial offering and they may not be readily disposed of. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell securities of a portfolio company that it otherwise might have sold.

Material, Non-Public Information

By reason of its investment in a portfolio company, a Fund will often acquire confidential or material non- public information or otherwise be restricted from initiating transactions in certain securities. A Fund will not be able to act upon any such information. Due to these restrictions, certain Funds will not be able to initiate transactions that they otherwise might have initiated and will not be able to sell securities of portfolio companies that they otherwise might have sold.

Minority Investments

The Funds' investments may in certain circumstances represent a minority position in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors, management, operations and strategic direction. Such portfolio companies may have goals not completely aligned with those of the Funds, and the Funds may not be in a position to limit or influence actions taken by such portfolio companies, or otherwise protect the value of its investment in such portfolio companies. In such cases, a Fund will rely significantly on the management and boards of directors of such companies, which may include representatives of other investors with whom a Funds is not affiliated and whose interests or views may conflict with those of the Fund. Although engaging in a specific transaction or sale of an entire portfolio company may be a beneficial disposition for a Fund, the majority holder or holders of interests in

the portfolio company may prevent the portfolio company from entering into such transactions, which could result in a Fund's investments being frozen in minority positions that incur substantial losses. Therefore, there can be no assurance that a Fund will be able to realize the value of its investments or distribute proceeds from a sale or disposition of a portfolio company in a timely manner. In addition, although a Fund will generally seek board representation in connection with its minority investments, there is no assurance that such representation, if sought, will be obtained.

Risk of Limited Number of Investments

Funds participate in a limited number of investments and, as a consequence, the aggregate return of such Funds can be substantially adversely affected by the unfavorable performance of even a single portfolio company. Other than as set forth in the Partnership Agreement of a Fund, investors have no assurance as to the degree of diversification of a Fund's portfolio investments. Although a Fund's Partnership Agreement generally will limit a Fund's ability to invest aggregate commitments in any one investment, the General Partner will have sole discretion within such limitations to select investments for the Fund. Unforeseen circumstances may cause it to limit the number of its investments or type of investment activity. At a particular time, it is possible that a Fund will have a significant portion or all of its investment capital in only one portfolio investment or a single Target Sector. Furthermore, to the extent that the total capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies than anticipated and thus be less diversified. Consequently, a Fund's results will be more susceptible to adverse economic and business conditions. Moreover, a Fund has no obligation to hold investments in order to reach or maintain its intended investment composition, and the disposition of investments may result in less diversification, and thus increased risk of loss, in the remaining pool of portfolio companies. In addition, where the General Partner intends to refinance all or a portion of the capital invested in a portfolio company, there is a risk that such refinancing will not be completed, which would increase the risk a Fund will have an unintended long-term investment as to such portion of the amount invested leading to reduced diversification.

Bridge Financings

From time to time, a Fund will invest in portfolio companies on a short-term, unsecured basis (a "**Bridge Financing**") in anticipation of a future issuance of equity or long-term debt securities. During the initial one-year period that any Bridge Financing is outstanding, such Bridge Financing will be treated as a short-term investment and will not be subject to the preferred return or Carried Interest provisions outlined in the Partnership Agreement and will instead be earned or borne by the partners in direct proportion to their commitments. Consequently, the General Partner has an incentive to allocate Fund expenses to Bridge Financing investments rather than portfolio investments such that the General Partner's Carried Interest is determined based on a smaller portion of such expenses.

Such Bridge Financings would typically be convertible into a more permanent, long-term security; however, for reasons not always within a Fund's control, such long-term securities may not be issued and such Bridge Financings may remain outstanding. To the extent that a Bridge Financing is not refinanced, sold or otherwise repaid within such one-year period, the Bridge Financing will be treated as a permanent investment in the portfolio company from the date the loan was made. In the event of any such failure to dispose of a Bridge Financing, a Fund's exposure to such

portfolio company may exceed the exposure the General Partner would otherwise deem appropriate for a Fund's portfolio construction or diversification.

Follow-on Investments

A Fund may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that a Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make a follow-on investment or its inability to make a follow-on investment may have an adverse impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may diminish a Fund's ability to influence the portfolio company's future development. Additionally, such determination or inability may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or in the dilution of a Fund's ownership in a portfolio company to the extent that a third party invests in such portfolio company.

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Additionally, the Firm at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Fund (or another Fund) previously or for reputational or strategic reasons, even when such follow-on investment's valuation has decreased since the original investment. These reputational benefits and protections will, from time to time, benefit and/or accrue to other Funds and/or the Firm at the expense of the current Fund(s) investing in such follow-on investment.

Fund Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner or will result in the Fund's General Partner receiving Carried Interest earlier than it would otherwise have by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Borrowing by a Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.

Capital calls, including those used to pay interest on subscription lines, asset-backed facilities and other indebtedness, may from time to time be "batched" together into larger, less frequent capital calls or closings, with a Fund's interim capital needs being satisfied by a Fund borrowing money from such credit facilities. In particular, it is possible that the capital needs of a Fund may be met through drawdowns from such credit facilities rather than capital calls. The batching of capital calls may amplify the magnitude of potential defaults by limited partners as a result of there being fewer but larger capital calls. Additionally, to the extent a credit facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on limited partners and/or limited partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a credit facility may impair a limited partner's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender. Moreover, tax-exempt investors should note that the use of borrowings by a Fund may cause the realization of UBTI.

To the extent a Fund borrows under any credit facility, it is possible that from time to time, a Fund may be required to refinance such credit facility or it may need to refinance its outstanding debt as the debt matures. A Fund's ability to achieve its objective and target returns is dependent upon its ability to achieve financing at economically advantageous rates. Upon any such refinancing, it is open to the counterparty to negotiate the terms of such transaction. To the extent a refinancing is not available in the market at economic rates or at all, a Fund may incur increased interest expense, may be required to sell assets at disadvantageous prices, may not be able to make follow-on investments that it otherwise would have made, and/or may not be able to achieve the leverage it would otherwise find it advantageous to achieve. Any such deleveraging may result in losses which could be severe and accordingly could have a material adverse effect on the performance of a Fund, and, by extension, its business, financial condition, cash flows, results of operations and the value of the interests.

Also any bankruptcy, insolvency or default by a counterparty to a Fund could result in a loss of a Fund's investments, including, for example, where fund assets and securities are re-hypothecated or otherwise held by such counterparties and become subject to general claims of their creditors. To the extent income received from portfolio companies is used to make interest and principal payments on such borrowings, limited partners may be allocated income, and therefore tax liability, in excess of cash received by them in distributions.

Any debt limits set forth in the Partnership Agreement will apply only to fund-level indebtedness and it is expected that certain investments (or the entities through which such investments are made) may themselves incur additional indebtedness.

Environmental, Social and Governance Matters.

Environmental, social and governance ("ESG") factors are only some of the many factors the Firm may consider in making an investment or as part of ongoing engagement. Other factors may be given greater weight, particular ESG factors may be disregarded and the Firm may not consider all of the ESG factors that an investor believes are important. To the extent ESG factors are considered, they will be considered based solely on their financial materiality. Its investments may not result in positive ESG impact and could adversely impact one or more ESG attributes. In addition, the Firm's ESG integration may not align with the policies of or regulatory requirements applicable to a particular investor.

The Firm has discretion regarding whether to engage with investee companies on ESG-related matters. To the extent that the Firm engages with investee companies on ESG-related matters, such engagements may not achieve the desired financial and other results. In addition, the market or other stakeholders may not consider the results to be sufficient or desirable.

Successful ESG integration on the part of the Firm will depend on the Firm's skill in properly identifying and analyzing material ESG factors and their relevance, and there can be no assurance that the Firm will be successful in doing so. ESG integration is subjective by nature, and the criteria utilized by the Firm or the judgment exercised it may not reflect the desired approach of any particular investor. Consideration of ESG factors may result in the selection or exclusion of certain investments, sectors, regions, countries or types of investments and/or the pursuit of particular ESG engagement strategies and initiatives. Such consideration carries the risk that the Firm may

underperform funds that do not take such ESG-related factors into account in the same manner. In addition, consideration and management of ESG factors may require the Firm to rely on third-party information and data, which may be incomplete, inaccurate or unavailable. Limitations in such information and data may result in erroneous assessments by the Firm.

ESG integration practices are evolving, including without limitation due to regulation, new and changing issues and areas of stakeholder focus, shifting investor sentiment (including so-called anti-ESG sentiment) and requirements and evolving investee company practices. Accordingly, the Firm's ESG integration practices will continue to evolve and change, and they may do so in a manner that is adverse to financial return or a particular investor's goals.

Climate Change

The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Possibility of Fraud or Other Misconduct of Employees and Service Providers

Misconduct by employees of the Firm, portfolio companies, service providers to a Fund and/or their respective affiliates could cause significant losses to a Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to a Fund. The Firm has controls and procedures through which it seeks to minimize the risk of such misconduct occurring.

However, no assurances can be given that the Firm will be able to identify or prevent such misconduct.

Management Team of Portfolio Companies

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the Firm will be responsible for monitoring the performance of each investment and intends to invest considerable time in contributing, directly and indirectly, to strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans or be able or willing to successfully operate the portfolio company in a manner that maximizes the value of the company's business and operations. A portfolio company may depend on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect the portfolio company's performance.

Financial Fraud by Portfolio Companies

There can be no assurance that a Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by the Fund will be adequate. In the event of fraud or other misconduct or deceptive practices by any portfolio company, the management of such portfolio company, or any of their affiliates, a Fund may suffer a partial or total loss of capital invested in that portfolio company. For example, the possibility of material misrepresentation or omission on the part of the portfolio company or the seller may adversely affect the value of a Fund's investment in such portfolio company. A Fund will rely upon the accuracy and completeness of representations made by portfolio companies and in certain instances their former owners in the due diligence process when it makes its investments, but cannot guarantee such accuracy or completeness. In addition, conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on the Fund.

Reliance on the Firm and its Principals

Decisions with respect to the management of the Funds will be made by the General Partners with the advice of the Firm and limited partners have no right or power to take part in the management or control of a Fund. An investor in a Fund must rely upon the ability of the General Partners and the Firm in identifying, structuring, and implementing investments consistent with a Fund's investment objectives and policies. The success of a Fund will depend on the ability of the Firm to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments of the Fund at a profit. The success of a Fund depends in substantial part upon the leadership, skill and expertise of the principals of the Firm. However, there can be no assurance that each of the principals will continue to be affiliated with a Fund or the Firm throughout a Fund's anticipated term. The loss of the services of one or more of the principals or members of the professional staff of the Firm could have an adverse impact on a Fund's ability to realize its investment objective.

In addition, the principals will continue to have an interest in, and participate in the management and investments of other Funds managed by the Firm or its affiliates. Under the terms of the Organizational Documents, the principals will devote such time as is reasonably necessary to manage and direct operations, business and affairs of the Funds in an appropriate manner. However, the principals may be engaged in some activities unrelated to the Funds, including, without limitation, participating on boards of directors for companies that are not portfolio companies of the Funds and boards of non-profit or civic organizations, or holding advisory positions with other investment firms or with companies that are not portfolio companies of the Funds. The Funds will have no interest in these other activities.

The performance of a Fund could be adversely affected by the other professional commitments of the principals. Additionally, the activities of a Fund may be restricted as a result of the principals' individual activities, because the principals may from time to time acquire confidential or material non-public information by their involvement in these activities that they are legally prevented from using for the benefit of the Funds. For instance, due to such restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Difficulty Locating Suitable Investments

Investors in a Fund will not have the opportunity to evaluate the business, financial and other information that will be used by the Firm in its analysis, selection, and monitoring of portfolio company investments for a Fund. There can be no assurance that the Firm will be able to identify a sufficient number of attractive investment opportunities to fully invest a Fund's committed capital in opportunities that satisfy a Fund's investment objectives, or that such investment opportunities will lead to completed investments by a Fund. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

Portfolio Company Pension Liability Considerations

As a result of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may be deemed to control, participate in the management of or influence the conduct of one or more of its portfolio companies. This could expose the assets of a Fund to claims by a portfolio company, its other security holders, its creditors or governmental agencies. In addition, if a Fund holds 80% or more of the interests in a portfolio company and such Fund is found to be a "trade or business" under ERISA, a court could find that such Fund is jointly and severally liability with the portfolio company for any withdrawal liability with respect to a multiemployer pension plan which the portfolio company withdraws or is deemed to withdraw from. There is also a risk that a Fund could be deemed to be part of a "partnership-in-fact" with certain co-investors based on joint investment and other activities. This is currently an unsettled area of law, which is subject to recent litigation in the First Circuit Court of Appeals and ongoing litigation in the district courts, and significant questions remain regarding the potential application of these theories to similar factual situations. If a Fund were to be deemed a "trade or business" with the requisite level of ownership of an investment, either alone or in concert with other investors, a Fund could face liability with respect to the pension plans of its portfolio companies. In addition, it is possible that

a court could expand this theory to cause multiple portfolio companies of a Fund to be treated as a controlled group or under common control, and thereby be liable for these funding obligations.

Conflicting Interests of Limited Partners

A Fund is likely to have a diverse range of limited partners that may have conflicting interests stemming from various differences, including investment preferences, tax status and regulatory status. The General Partner will consider the objectives of a Fund and its respective partners as a whole when making decisions with respect to the selection, structuring, and sale of portfolio investments. However, it is inevitable that such decisions may be more beneficial for one limited partner than for another limited partner. In voting on matters related to the Fund, each limited partner will be permitted to consider only its own interests and preferences, which may conflict with the interests and preferences of other limited partners, and no limited partner will owe a fiduciary duty to consider the interests of any other limited partners.

Without limiting the foregoing, limited partners in a Fund may include U.S. taxable and tax-exempt entities, and investors from jurisdictions outside of the United States. Such limited partners often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the limited partners typically relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of portfolio companies and the structuring and timing of the disposition of portfolio companies. As a consequence, conflicts of interest often arise in connection with decisions made by the Firm or its affiliates, including with respect to the nature or structuring of portfolio investments, that are often more beneficial for certain limited partners than for other limited partners, especially with respect to limited partners' individual tax situations. In selecting and structuring portfolio investments appropriate for a Fund, the Firm and its affiliates will consider the investment objectives and relevant tax considerations of a Fund, not the investment, tax or other objectives of any limited partner individually. In addition, the Fund and other funds managed by the General Partner and/or Firm have made and/or is expected to make investments in companies that operate in and have assets in different jurisdictions. It is possible that the activities of one or more investments, including the Funds' portfolio companies, may have adverse consequences on one or more other portfolio companies, even when the investments are held by different funds of the Firm. In particular, the laws and regulations regarding limited liability of such companies may vary by jurisdiction, and may result in the availability for the recourse of assets by one company from another company under common control with such company. There can be no assurance that a Fund's portfolio companies, and therefore a Fund, will not be adversely affected by such risk.

Foreign Investments

To the extent a Fund invests in companies organized or with substantial operations outside the U.S., those investments will be subject to special risks not typically associated with investments in the securities of issuers located in the U.S. including: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a Fund's non-U.S. investments may be denominated, and costs associated with conversion of invested capital and income from one currency into another, (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial

reporting standards, practices and disclosure requirements and more or less governmental supervision and regulation, (iii) certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, political, economic or social instability and the possibility of expropriation or confiscatory taxation, (iv) difficulties or challenges obtaining non-U.S. governmental approvals and complying with non-U.S. laws, (v) tax-related issues, including the possibility of withholding or other taxes (including on dividends, interest payments or capital gains), the possibility of non-U.S. tax filing obligations and the possibility of double taxation of income earned overseas, (vi) less developed corporate laws regarding fiduciary duties, limited liability and the protection of investors and (vii) increased exposure to liabilities arising from a portfolio company's breach of applicable anti-corruption or other non-U.S. laws or regulations. A Fund's returns on domestic investments may not be indicative of the results it may achieve on investments located in non-U.S. countries. Anti-fraud and anti-insider trading legislation in these countries may be less robust than in the U.S., or in certain circumstance, non-existent. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce non-U.S. legal judgments.

Third Party Litigation

The investment activities of a Fund, particularly with respect to its relationships with portfolio companies (including participation on boards of directors), will subject a Fund to the risk of becoming involved in litigation brought by portfolio companies, their stockholders, their creditors and others. Generally, a Fund would bear the expense of defending against claims by such parties and paying amounts necessary to satisfy any settlements or judgments. If a Fund becomes subject to liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the investment giving rise to a liability.

Valuation of Investments

A Fund will rely on the General Partner for valuation of its assets and liabilities. A Fund will primarily hold securities and other assets that will not have readily accessible market values. An accurate assessment of fundamental value will depend on a complex analysis of a number of legal, financial, microeconomic, macroeconomic and other factors. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or create pricing models may be inaccurate or subject to error. A Fund's success will depend in large part on the ability of its General Partner to accurately assess the fundamental value of a Fund's assets, and no assurance can be given that the General Partner will accurately assess the nature and magnitude of the many factors having a bearing on the value of a Fund's assets. Further, no assurance can be given that all of the relevant factors or that all of the pertinent information will be considered by or be available to those persons in formulating any particular investment decision. The failure to consider any of those factors or to accurately assess the nature and magnitude of the relevant factors or pertinent information may cause a Fund to miss significant profit opportunities or to incur substantial losses. As a result, due to a wide variety of

market factors and the nature of certain securities and assets to be held by a Fund, there can be no guarantee that the value determined by the General Partner will represent the value that will be realized by a Fund upon the disposition of the investment. The amount and timing of Carried Interest received by the General Partner may depend in part on the valuation of a Fund's assets and liabilities, and therefore the General Partner has an incentive to distribute securities when they are valued at a higher price. The General Partner's earned Carried Interest will not be adjusted for subsequent changes in valuation.

Assessment of Value May Not Be Accurate

A Fund's success will depend in large part on the ability of its General Partner to accurately assess the fundamental value of the Fund's assets. An accurate assessment of fundamental value will depend on a complex analysis of a number of legal, financial, microeconomic, macroeconomic and other factors. No assurance can be given that the General Partner will accurately assess the nature and magnitude of the many factors having a bearing on the value of the Fund's assets. Further, no assurance can be given that all of the relevant factors or that all of the pertinent information will be considered by or be available to those persons in formulating any particular investment decision. The failure to consider any of those factors or to accurately assess the nature and magnitude of the relevant factors or pertinent information may cause a Fund to miss significant profit opportunities or to incur substantial losses.

Due Diligence Risk

Before making investments in any particular company, the Firm (which includes the General Partners of the Funds) will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding a potential investment, the Firm will rely on the resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that the Firm carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. In addition, at times, the Firm's or the Funds' transaction opportunities will require rapid execution and investment analyses and decisions by the Firm may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Firm at the time of making an investment decision may be limited, and the Firm may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Firm will have knowledge of all circumstances that may adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. Outside consultants, legal advisors, accountants, investment banks and other third parties are likely to be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the Firm's reduced control of the functions that are outsourced. The Firm may rely on the findings of these third-party advisors or consultants in making investment and management decisions. Such third parties do not owe any fiduciary duties to the Firm, the Funds or their limited partners, yet may be entitled to indemnification under the terms of their respective service contracts or other arrangements made

with the Firm, and the costs and expenses of such indemnification may be borne by the Funds. In addition, if the Firm is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected.

Projections

A Fund may rely upon projections, forecasts or estimates developed by the Firm or a portfolio company concerning a portfolio company's (or prospective portfolio company's) future performance, outcome and cash flow. Projections, forecasts or estimates are inherently subject to uncertainty and factors beyond the control of the Firm and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash-flow. Actual events are difficult to predict and beyond a Fund's control. Actual events may differ from those assumed. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, market fluctuations and U.S. and non-U.S. business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results for a Fund or its portfolio companies will not be materially lower than those estimated or targeted therein. Prospective investors should note that the market fluctuations and other risks described herein may have an effect on the information contained in the Funds' Organizational Documents.

Repayment of Certain Distributions

In the event that a Fund is otherwise unable to meet its obligations, the limited partners may be required to repay to a Fund or to pay to creditors of a Fund distributions previously received by them. In addition, limited partners may be required to pay to a Fund amounts that are required to be withheld or otherwise borne by a Fund for tax purposes and to indemnify a Fund, General Partner and other partners for any taxes or other amounts owed by or otherwise allocable to such limited partner. Further, in connection with the disposition of an investment in a portfolio company, a Fund may be required to indemnify the purchasers of such investment if representations about the business and financial affairs of such portfolio company are inaccurate.

The Firm may establish reserves as appropriate to provide for such contingent liabilities by holding back a portion of amounts otherwise distributable to limited partners (for example, such reserve might be established if a Fund were subject to an audit by the IRS or involved in litigation), in which case limited partners will not receive complete liquidity with respect to an investment until the Firm determines that the need for such reserves has ceased. In the event that the Firm does not establish reserves, or in the event that the amount of such contingent liabilities exceeds the reserves, the limited partners may be required to repay to a Fund or to pay to creditors of a Fund distributions previously received by them. The Partnership Agreement will require limited partners, including former limited partners, to make repayments with respect to liabilities and obligations of a Fund incurred while they were limited partners of a Fund, including after the liquidation of a Fund.

Risks Upon Disposition of Certain Investments

In connection with the disposition of an investment in a portfolio company, a Fund typically will be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It typically will also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements can result in contingent liabilities, which might ultimately have to be funded by the partners to the extent of their commitments or previous distributions made to them.

Side Letters

The Firm and/or the Fund will typically enter into certain written agreements (“**Side Letters**”) with one or more of the Fund’s investors with respect to the Funds or the Firm without any further act, approval or vote of any other partner, which would have the effect of establishing rights under, altering or supplementing the terms of the applicable Partnership Agreement with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners. Such terms may include, but are not limited to: (i) fee and other economic arrangements with respect to such limited partner (such as alternative fee, aggregate fee or Carried Interest discounts or other compensation arrangements), (ii) opting out of particular investments; (iii) reporting obligations of the Fund; (iv) transfers to affiliates; (v) special rights with respect to co-investment opportunities; (vi) withdrawal rights due to adverse tax or regulatory events; (vii) the addition of or forbearance from a term contained within the Partnership Agreement, other Organizational Document or a subscription agreement to accommodate such limited partner’s specific regulatory, tax, operational, legal or policy concern; (viii) consent rights to certain Partnership Agreement amendments; (ix) a modification of the right of the General Partner to make distributions in kind; (x) waiver of certain confidentiality obligations; (xi) modification of representations; or (xii) any other matters described herein. Also, investors will have no recourse against a Fund, the applicable Fund’s General Partner, the Firm or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such Side Letters, some of which rights may impact the rights and/or increase the obligations of other investors.

Cybersecurity Risk

The Firm, the Funds’ service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect the Funds and their investors, despite the efforts of the Firm and the Funds’ service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of the Firm, the Funds’ service providers and counterparties, as well as the data stored by these systems, including investor information. The Firm and the Funds’ service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of

availability of data that could prevent the Funds and Firm from executing its investment strategy or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of the Funds' investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of the Firm's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, including insurance premiums or financial loss. In addition, the Firm may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity, identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Changes in Tax Law

The present U.S. federal income tax treatment of an investment in a Fund may be modified by legislative, judicial or administrative action at any time and any such action may affect investments and commitments previously made. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, resulting from time to time in the adoption of new Treasury regulations or changes to the existing regulations, revised interpretations of established concepts, as well as statutory changes. Any changes to the U.S. federal tax laws or interpretations thereof could adversely affect the tax treatment of an investment in the Funds. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient to any particular investor. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in the Funds to them, particularly in light of their specific tax situations, including any applicable U.S. federal, state, local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in the Funds may raise for such investors.

Effect of Carried Interest

Tax law is subject to change and various historic and current legislative proposals could affect the Funds and the investors. Under current law, capital gains in respect of a General Partner's right to Carried Interest will be subject to a three-year "holding period" in order to be classified as "long term capital gains," while the corresponding holding period requirement with respect to capital gains that Fund investors are allocated is one year. This Carried Interest holding period requirement could affect investment decisions, including the timing and structure of dispositions and other realization events, and it could adversely impact returns for investors. For example, the holding period requirement may incentivize the General Partner to cause a Fund to hold an

investment for longer than three years in order for the General Partner to obtain a preferential tax rate on Carried Interest, even if there are attractive realization opportunities prior to that time. Further, there are currently administrative and legislative proposals to further change the tax treatment of “carried interest” in ways that may be adverse to partners in the General Partner. A General Partner and the Firm may take these potential adverse consequences into account in their management and operation of the Funds and in addressing these adverse consequences, the interests of the General Partner and the Firm, on the one hand, may diverge from the interests of the investors, on the other hand.

Investors may Recognize Taxable Income without Receiving Cash

The Funds are expected to be treated as partnerships for U.S. federal income tax purposes. Each limited partner, in determining its U.S. federal income tax liability, will take into account annually its allocable share of items of income, gain, loss, deduction and credit of the applicable Fund, without regard to whether it has received distributions from the Fund. Because of the nature of the Funds’ investment activities, the Funds may generate taxable income in excess of cash distributions to limited partners and no assurance can be given that the Funds will make cash distributions to cover such tax liabilities as they arise. Accordingly, each limited partner should ensure that it has sufficient cash flow from other sources to pay all tax liabilities resulting from such limited partner’s ownership of interests in a Fund.

Potential Conflicts of Interest

The General Partner, the Firm, their affiliates, and their respective members, managers, directors, officers, partners, shareholders, employees and agents engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of the Funds will, from time to time, conflict with the interests of the General Partner, the Firm, their affiliates, and their respective members, managers, directors, officers, partners, shareholders, employees and agents or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Firm addresses such conflicts of interest, can be found below, although the discussion below does not necessarily describe all of the conflicts that the Funds will face. Other conflicts are disclosed throughout the brochure and this brochure should be read in its entirety for other conflicts.

Data Protection

Privacy and data protection are receiving increased amounts of attention and scrutiny from regulators globally. The purpose of these laws is to increase the protection of individuals’ rights and freedoms in relation to their privacy and with respect to the collection, processing, storing, sharing and deletion of their personal data. Compliance with current and future data privacy and data protection laws and regulations could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Firm’s, Funds’ and/or a portfolio company’s current or planned business activities.

For example, the EU data protection law currently in effect is in the form of the General Data Protection Regulation (EU 2016/679) (the “**EU GDPR**”), which took direct effect across the EU member states on May 25, 2018. The UK GDPR has been in effect in the UK since January 1, 2021, as it is defined by the Data Protection Act 2018 and amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019/419) (“**UK GDPR**”) (together, the EU GDPR and the UK GDPR are referred to as the “**GDPR**”). The GDPR applies to “controllers” and “processors” of personal data, including the Fund. Under the GDPR, a “controller” determines the purposes and means related to the processing of personal data, and a “processor” is responsible for processing personal data on behalf of a controller. The GDPR has a wide territorial reach and applies to controllers and processors (i) with an establishment in the EU or UK, (ii) that offer goods or services to EU or UK data subjects, or (iii) that monitor EU or UK data subjects’ behavior within the EU or UK. The GDPR imposes more stringent operational requirements on both controllers and processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide revenue or EUR 20 million/GBP 17.5 million (whichever is higher, with the currency of the fine dependent on whether such fine is brought under the EU GDPR or the UK GDPR), depending on the type and severity of the breach. The Cayman Islands has a similar law in effect known as the Data Protection Law, 2017 (the “**DPL**”).

The EU GDPR and UK GDPR are currently aligned, although enforcement of the two may differ as the UK regulator (the Information Commissioner’s Office) is not bound to follow the rulings and actions of the EU Data Protection Authorities. The UK’s data protection framework may also change under the Data Protection and Digital Information (No. 2) Bill, which reforms the UK GDPR, a draft of which was introduced to Parliament for discussion on March 8, 2023. Any changes required if the Bill becomes law could lead to additional data protection compliance steps and increased costs. Although the UK is no longer a part of the European Union, on 21 June 2021 the EU Commission approved an adequacy decision for the UK allowing the free flow of personal data from the European Economic Area to the UK. The UK already recognized the EEA as providing adequate protection for personal data. The EU adequacy decision is to be reviewed annually and will expire in June 2025.

As stated above, the GDPR will apply not only to businesses based in the EU or UK, but also to businesses outside the EU or UK that process personal data collected through the offering services or goods to citizens in the EU or UK or from monitoring their behavior. To the extent a Fund and/or its current or prospective portfolio companies operate in the EU or UK or are involved in the processing of such personal data, it is possible that a Fund and such portfolio company will be required to comply with the GDPR. The law requires businesses to meet new requirements regarding the handling of such personal data, which may entail substantial expense and the diversion of resources from other projects. In addition, ongoing legal reviews by regulators may result in burdensome or inconsistent requirements affecting the location and movement of personal data (e.g., customer and employee data) as well as the management of that data. GDPR compliance may require changes in services, business practices, or internal systems that result in increased costs, lower revenue, reduced efficiency, or greater difficulty in competing with foreign-based firms. The law imposes potential significant financial penalties for noncompliance which would have a significant adverse impact on a Fund and its portfolio companies.

Other privacy laws that have recently come into force in other jurisdictions, including the California Consumer Privacy Act in the US, which was amended by the California Privacy Rights Act (together referred to as the “CCPA”), which took effect on January 1, 2023 and significantly expanded the CCPA’s data protection obligations. The purpose of these laws is broadly to increase the protection of individuals’ rights and freedoms in relation to their privacy and with respect to the processing of their personal data. Other U.S. jurisdictions have similar laws either in place or going into effect this year.

Data protection laws, like GDPR and CCPA, often require more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, in the case of GDPR, requiring formal records of processing, expanded disclosures, among other things, about how, why and by whom personal data is to be used, limitations on retention of personal data, implementation of appropriate technical and organizational security measures to protect personal data, mandatory data breach notification requirements, and higher standards for controllers to demonstrate that they have obtained valid consent or have another relevant legal basis in place to justify their data processing activities. These laws also include data subject rights, such as the rights to access personal data about them and the right to have such data deleted. These rights are not absolute; however, they will require that the Firm has in place the necessary mechanisms to allow individuals to exercise them.

While the Firm and the Funds intend to comply with their privacy and data protection obligations under GDPR, CCPA and other applicable privacy and data protection laws, they may not be able to accurately anticipate the ways in which regulators and the courts will apply or interpret the law. The failure by the Firm or the Funds to comply with applicable privacy and data protection laws could result in negative publicity and may subject them to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or (actual or contingent) fines and penalties. An assessment by a competent regulatory authority of failure to comply with the requirements of the applicable privacy law could result in serious financial and reputational damage to the Firm or the Funds.

These new laws also could cause the Firm’s, the Funds’ and their portfolio companies costs to increase and result in further administrative costs as part of their compliance efforts, which is likely to reduce capital that can be deployed for making investments. If the current trend in the development of such laws continues in other relevant jurisdictions, such costs may be exacerbated further as new or different compliance obligations arise. Similarly, if privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with the Firm’s or the Funds’ expectations, that may result in business practices changing in a manner that adversely impacts the Firm or the Funds. Moreover, if the Firm or the Funds suffer a security breach impacting personal data, there may be obligations to notify government authorities or data subjects, which may divert the Firm’s or the Funds’ time and effort and entail substantial expense.

The provisions of GDPR, CCPA and other existing or new privacy and data protection laws may also apply to the portfolio companies. On the basis that global data protection laws are constantly evolving the portfolio companies may be continually subject to new laws, regulations or standards or new interpretations of existing laws, regulations, or standards. These laws could affect the value of the portfolio companies if they incur additional costs and restrict business operations. Similarly to the above, failure by the portfolio companies to comply with applicable requirements may result

in governmental enforcement actions, litigation, fines and penalties or adverse publicity, which could have an adverse effect on their and the Funds' reputation and adversely affect the business and the value of the Funds' investments.

Benchmark Rate Risk

Prior to June 30, 2023, certain bonds and loans held by the Funds may have had floating interest rates based on the London Inter Bank Offered Rate (“**LIBOR**”). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority (“**FCA**”), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 (“**LIBOR Act**”). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a “determining person” as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The Federal Reserve has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate (“**SOFR**”)—based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023.

As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain bonds and loans held by the Funds may have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

SOFR Risk

SOFR is a relatively new index rate calculated based on short-term repurchase agreements backed by U.S. Treasury Instruments. While LIBOR is an unsecured rate, SOFR is a secured rate. SOFR, unlike LIBOR, reflects actual market transactions. Accordingly, SOFR is not the economic equivalent of LIBOR. Consequently, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, monetary policy, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Additionally, because SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, we have no control over its determination, calculation, or publication. There can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Funds. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked

floating rate instruments and the trading prices of such instruments. Additionally, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although occasional, increased daily volatility in SOFR would not necessarily lead to more volatile interest payments, the return on and value of SOFR-linked floating rate instruments may fluctuate more than floating rate instruments that are linked to less volatile rates. All of the foregoing risks may affect the performance of the applicable bonds and loans in which the Funds invest, which in turn may adversely affect the performance of the Funds.

Alternative Benchmark Rate Risk

As stated above, some of the bonds and loans held by the Funds may have floating interest rates based on alternative benchmark rates other than SOFR. Such alternative benchmark rates, like SOFR, may not have been widely used by market participants until relatively recently, and they may not perform exactly the same as LIBOR because they are calculated and administered differently. Generally, the use of alternative benchmark rates (including SOFR) may (i) cause the value of the interest rate on such bonds and loans to be uncertain or to be lower or more volatile than it would otherwise be, (ii) result in uncertainty as to the functioning, liquidity or value of such bonds and loans, and/or (iii) involve actions of regulators or rate administrators that may adversely affect certain markets or contracts underlying such bonds and loans. All of the foregoing could adversely affect the return on and value of the related floating rate instruments in which the Funds invest.

Recent Regulatory Developments for Private Funds and their Advisers

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “**Private Funds Rules**”) under the Advisers Act (as defined below) specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of the Firm and its affiliates, a Fund and/or its investments. As a result of the new rules, the Firm will under certain circumstances be restricted or refrain from providing information regarding a Fund in response to investor requests. The Firm will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in a Fund (i.e., all Side Letter terms), without regard to any most favored nation provision. This may ultimately impact the Firm’s decisions with respect to agreeing to certain preferential rights. Further, many provisions of the Private Funds Rules require the Firm to make a variety of subjective determinations as to whether and how such rules apply to a Fund and the Firm’s related obligations. The Firm will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. The Firm’s and a Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. The Firm’s and Funds’ compliance burdens and associated costs, including insurance expenses

(which, to the extent permitted under the Organizational Documents and consistent with applicable law (including the Private Fund Rules)), will be treated as expenses of the Funds) will likely increase. The Firm also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund's reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

Legal Risk, Litigation and Regulatory Action

The Funds, the Firm and their affiliates are subject to a number of unusual risks, including changing laws and regulations, developing interpretations of such laws and regulations, and increased scrutiny by regulators and law enforcement authorities. Some of this evolution may be directed at the private fund industry in general or certain segments of the industry, and may result in scrutiny or claims against the Funds, the Firm or their affiliates directly for actions taken or not taken by the Funds or the Firm. These risks and their potential consequences are often difficult or impossible to predict, avoid or mitigate in advance and might make some investments unavailable to the Funds.

The effect on the Funds, the Firm or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse. In addition, any litigation may consume substantial amounts of the General Partner's or Firm's time and attention, and that time and the devotion of resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Each prospective investor is strongly urged to consult its own legal advisors with respect to the consequences under applicable regulatory regimes regarding financial institutions and investors therein of the purchase and ownership of interests in the Funds.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of the Firm or its management persons.

Item 10. Other Financial Industry Activities and Affiliations

A. Affiliated Broker-Dealers

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Affiliated Commodity Advisors

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Other Affiliations and Conflicts of Interest

The Funds' General Partners.

As discussed in **Item 6** above, various affiliates of the Firm serve as a General Partner to each Fund and are entitled to receive performance-based Carried Interest distributions from the applicable Fund. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. In addition, as discussed in **Item 5.C** the Firm, such General Partner or their employees receive Transaction and Monitoring Fees. The payment of Transaction and Monitoring Fees create a conflict of interest, as the Firm is incented to cause a portfolio company to increase such fees. Any such Transaction and Monitoring Fees received by the General Partner of a Fund or any of their respective employees are required to be immediately remitted to the Firm. A percentage of such Transaction and Monitoring Fees are used to offset each Fund's management fee.

Because Industry Executives are not affiliates of the Firm, any such fees received by Industry Executives will not offset the management fee. For a discussion of material conflicts of interest involving the Industry Executives, please see **Item 11** below.

D. Recommendation of Other Investment Advisors

The Firm does not recommend or select other investment advisers for the Funds.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Firm has adopted a code of ethics as part of its compliance manual (the “**Manual**”) pursuant to Rule 204A-1 under the Advisers Act of 1940, as amended (the “**Advisers Act**”), which imposes ethical standards and duties on the partners, members, owners, principals, directors, officers, supervisors, employees and certain other persons subject to the Firm’s control and supervision (collectively referred to herein as “**Covered Persons**”).

The Manual sets forth standards of conduct expected of all Covered Persons and it requires Covered Persons to comply with applicable federal securities laws. Covered Persons are expected to be familiar with the Manual and adhere to its provisions.

The Manual includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information. It prohibits Covered Persons from trading for Funds or themselves, or recommending trading, in securities of a company while in possession of material, non- public information about the company, and from disclosing such information to any person not entitled to receive it.

The Manual also addresses conflicts that could arise from personal securities trading by any Covered Persons. First, securities on the restricted list, initial public offerings, and private placements must be pre- cleared by the Chief Compliance Officer. Second, each Covered Person must submit quarterly reports containing all transactions not subject to an exception, for each of their personal securities account. Lastly, the Manual requires each Covered Person to submit to the Chief Compliance Officer at least annually a report of their securities so that they may be checked for compliance with the Manual.

The Firm will provide copies of the section of the Manual containing its Code of Ethics to the Funds upon request, at no charge.

Conflicts of Interest

The Firm and its related entities may engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund may, from time to time, conflict with the interests of the Firm, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Firm addresses such conflicts of interest, can be found below.

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund will face. Other conflicts are disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

While the Firm believes that its interests with respect to the success of the Funds are generally aligned with the interests of the Funds' investors, conflicts of interest between the Firm, the Firm's principals and their affiliates, on the one hand, and the Fund, on the other hand, will arise.

Resolution of Conflicts

In the case of all conflicts of interest, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, the Firm considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) The Firm will consider the appropriateness of an investment from the viewpoint of a Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;
- (3) Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Firm. The advisory committees meet as required to consult with the Firm as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Firm will be guided by its good faith discretion;
- (4) Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) The Firm has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Other Activities of the Firm

Except as provided otherwise in the Organizational Documents of the applicable Funds, the Firm, their affiliates, and their respective members, managers, directors, officers, partners, shareholders, employees and agents have in the past and may in the future directly or indirectly purchase, sell, hold or otherwise deal with investments for their own accounts, for their family members or for other clients, irrespective of whether such investments are purchased, sold, held or otherwise dealt with for the account of the Fund. An investor will not, solely by reason of being a partner in a Fund, have any right to participate in any manner in any profits or income earned or derived by or accruing to the Firm, their affiliates, and their respective members, managers, directors, officers, partners, shareholders, employees and agents from the conduct of any business other than the business of the Fund or from any transaction or other investment effected by any such person for any account other than that of the Fund.

None of the Firm, the Firm's principals or their respective affiliates will be precluded from undertaking investment activities on behalf of persons in which any of them has an investment as of the date that a Fund has admitted an initial group of limited partners.

It is expected that officers and employees of the Firm responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Firm, including Funds that will be raised in the future or to proprietary investments made by the Firm and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

Officers and employees of the Firm may buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds. Such transactions are subject to the policies and procedures set forth in the Firm's Code of Ethics and investors will not benefit from any such investments.

By reason of their responsibilities in connection with other activities of the Firm or outside activities, certain Firm personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Funds from time to time may invest in securities of companies in which officers, principals, employees and other related persons of the Firm and its affiliates have previously invested for their own accounts. While the significant interests of the officers and employees of the Firm generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

Firm personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and their portfolio companies. Moreover, in certain instances, the Funds or their portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third party service providers and the Firm is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most such circumstances, a Fund's Organizational Documents will not preclude the Funds from undertaking any of these investment activities or transactions.

Conflicts Relating to Allocation of Investment Opportunities

The Firm makes allocation determinations consistent with the Funds' Organizational Documents and in accordance with its written policies and procedures. The Firm allocates investment opportunities (in whole or in part) between Funds managed by the Firm in such manner as it believes to be appropriate given each entity's investment focus, capacity for new investments, diversification requirements, scheduled termination date, and any other factors the Firm determines to be relevant to such allocation decision. The Firm may, subject to any investment allocation requirements set forth in a FS Fund's Organizational Documents, allocate any such investment opportunity (in whole or in part) between existing FS Funds and any subsequent FS Funds. Notwithstanding the foregoing, the Firm will not be required to offer a Fund the opportunity to invest in any investments in existing portfolio companies of any other Fund or account managed by the Firm.

The Firm has organized the Parallel Funds, which have similar investment policies as the FS Funds. To the extent that any such Parallel Fund participates in the investments made by an FS Fund, such Parallel Fund and the FS Fund will co-invest pro rata on the basis of their respective total capital commitments at the time (subject to adjustment by the General Partner to reflect the effect of investors in an FS Fund or Parallel Fund who opt out or are excused or excluded from particular investments under the terms of the applicable Partnership Agreement) and, generally, on the same terms and conditions. Such Parallel Funds generally do not pay management fees.

The Firm has in the past and may in the future form alternative investment vehicles for a Fund making certain investments on behalf of one or more investors in such Fund and co-investment vehicles for the purpose of making certain co-investments with a Fund. The Firm offers investment opportunities to alternative investment vehicles and co-investment vehicles on a case by case basis, generally on the same terms and conditions applicable to the Fund, and subject to the terms and conditions of the Organizational Documents related to the specific Fund.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Firm is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Firm has an incentive to allocate investment opportunities to the Funds from which the Firm or its related persons would derive, directly or indirectly, a higher fee, compensation or other benefit. Situations could therefore arise whereby the Firm has an economic incentive to make a decision that favors one Fund above the other Funds. In addition, the Firm expects that it or its personnel are likely to in the future establish one or more additional funds with investment objectives substantially similar to, or different from, those of an existing Fund. The Firm recognizes that it must allocate such investment opportunities in a manner that is fair to each of the Funds, in light of the facts and circumstances of each situation.

The Firm has adopted the following general procedures to reduce potential conflicts of interests between its various Funds. In order to seek to mitigate potential conflicts of interest between its various Funds, the Firm has established advisory committees, consisting of representatives of the investors in a Fund whom are not affiliated with the Firm. The advisory committees will meet as required to consult with the Firm as to potential conflicts of interest. A Fund's advisory committee will have the right to review and approve or disapprove certain potential conflicts of interest (as

set forth in the Fund's Organizational Documents) of the Firm, or any transaction between the Firm and the Fund, which decision will be binding on the subject person and the Fund.

The application of the considerations and procedures described above will often result in allocation of an investment opportunity on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. The Firm makes allocation determinations based solely on the Firm's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment of one Fund may prove to have been more suitable for another Fund in hindsight.

From time to time certain investment opportunities involve interests in portfolio companies of one or more Funds that are part of a restructuring or similar transaction. In such instances, investors in the Funds involved in such a transaction are typically given priority rights to roll over their existing interests or otherwise reinvest in such investment opportunities (for instance, through a newly formed "continuation fund"). As a result, other Funds may not be allocated all or any portion of such an investment opportunity, even if such opportunity falls within a Fund's investment objectives or strategy.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Firm has an incentive to allocate investment opportunities to the Funds from which the Firm or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Firm will not allocate investment opportunities among the Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. While the Firm determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that one Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Firm is subject, discussed herein, did not exist.

The Firm and/or Funds may invest in the securities offerings of a portfolio company held by another Fund (including through initial public offerings), which would result in the Firm and/or another Fund receiving an allocation of portfolio company securities.

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, the Firm will consider one or more of the factors described above and will make a determination in its good faith discretion.

Indemnification

Funds are required to indemnify the Firm and its affiliates and its members, managers, officers, directors, stockholders, partners, employees, agents (including any subcontractors) and affiliates, as well as the Fund's advisory committee members and the limited partners they represent, for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and

have an adverse effect on the returns to the investors. The indemnification obligation of a Fund would be payable from the assets of the Fund, including the unfunded commitments. If the assets of a Fund are insufficient, the General Partner of the Fund may recall distributions previously made to the partners, subject to the terms of the Organizational Documents.

Consequences of Default; Exclusion from Investments

In the event that a limited partner fails to fund any of its commitment when required, such limited partner's interest in the relevant Fund and its investments may be reduced and such limited partner may be precluded from participating in further investments.

A limited partner may be excluded from participating in any investment if the Firm determines that such participation is reasonably likely to jeopardize the ability of a Fund to consummate the proposed investment or result in a significant delay, extraordinary expense or material adverse effect on a Fund or any of its affiliates, any portfolio company or any future investment, or is reasonably likely to result in a violation of any law, regulation or order to which such limited partner, the Fund or any of its affiliates is subject. If a limited partner is excluded from participating in an investment, it will not participate in the acquisition of the investment or in any income, gain, loss, deduction, credit or distribution with respect thereto. In the event that one or more limited partners are excluded from participating in an investment, the limited partners who are not excluded, all things being equal, may have a percentage ownership interest in certain investments that is greater than their percentage ownership interest in other investments, and their percentage interest in the relevant Fund as a whole may be greater than the percentage interest of the excluded limited partners in the Fund as a whole.

Conflicts of Interest Related to Portfolio Companies Held by the Funds

The Funds invest in portfolio companies that often have competing business interests. A Fund's portfolio company is from time to time also a customer of or a service provider to another Fund's portfolio company, or two portfolio companies of different Funds from time to time compete with each other, thus creating conflicts of interest in the Firm's advice to multiple Funds. In providing advice to a portfolio company of one Fund, the Firm is not obligated to, and need not, take into consideration the interests of other Funds or their portfolio companies. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Firm to a portfolio company may have adverse consequences to the Funds, or a separate portfolio company owned by another Fund and vice versa, which may incentivize the Firm to take action that benefits one Fund to the detriment of another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company; withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price; increase its own prices, purchase assets from, or sell assets to, another portfolio company; commence litigation against another portfolio company; or prevent one portfolio company from commencing litigation against another portfolio company.

From time to time, portfolio companies of the Funds will be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies of the Funds. These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the management fee. Such agreements, transactions and

other arrangements will generally be entered into without the consent or direct involvement of the Funds and/or the Firm or the consent of any advisory committee. In addition, the Firm may in the future cause a Fund to transact with a portfolio company of the Fund or another Fund, including purchasing an asset from or selling an asset to a portfolio company. This creates a conflict of interest as the interests of the purchasing or selling Fund differ from those of the counterparty portfolio company.

A principal or employee of the Firm or a related person has in the past and may in the future serve as a director with respect to portfolio companies, the securities of which are purchased on behalf of the Funds. In the event that the Firm or a related person: (i) obtains material non-public information in such capacity with respect to a portfolio company or (ii) is subject to trading restrictions pursuant to the internal policies of the Firm or such portfolio company, the Firm will be prohibited from engaging in transactions with respect to the securities or instruments of the affected portfolio company. Such a prohibition can have an adverse effect on the Funds.

Conflicts Related to Transactions between the Firm and the Funds

A Fund must obtain the consent of its advisory committee before (a) making any investment in which the Firm or any affiliate of the Firm has previously made an investment, (b) selling any investment in which the Firm or any other affiliate of the Firm has an interest consisting of securities that are substantially identical and have liquidity substantially equivalent to that of the investment being sold unless such interest is being sold pro rata and on substantially the same terms and at an equivalent price as the Fund's stake in such investment, or (c) for certain Funds, before selling any investment to another Fund.

In certain cases, the Firm may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Firm might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Firm, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Firm and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.

Without the consent of a Fund's advisory committee, neither the Firm nor any other affiliate of the Firm will (i) acquire or sell securities (other than securities it received as a distribution in kind from the Fund, any Parallel Fund, or any alternative investment vehicle) of any portfolio company other than through its interest in the Fund, any Parallel Fund, or any alternative investment vehicle, or (ii) borrow funds from the Fund. The prohibitions contained in this paragraph will not apply to (i) with respect to certain Funds, any acquisition of securities pursuant to a merger, consolidation or transaction involving a portfolio company, (ii) any acquisition of securities made pursuant to preemptive rights or similar interests granted to all or substantially all holders of the same class of securities, (iii) any acquisition of securities by or on behalf of an existing Fund or subsequent Fund

made concurrently with, at the same price, and on the same terms and conditions as, the acquisition of substantially identical securities in the same portfolio company by the Fund, any Parallel Fund, or any alternative investment vehicle, so long as the costs and expenses of such transaction are equitably prorated, (iv) any sale or distribution of securities by an existing Fund or a subsequent Fund, provided that if such securities are substantially identical to and have equivalent liquidity as securities in the same portfolio company held by the Fund, any Parallel Fund, or any alternative investment vehicle, such sale or distribution must be made pro rata and substantially concurrently with, and on substantially the same terms and conditions as, the sale or distribution of the corresponding securities by such entities, (v) any sale of securities received in a distribution permitted to be made in clause (iv) above, and (vi) any acquisition of marketable securities.

The receipt of Transaction and Monitoring Fees and reimbursements, as described in **Item 5** above, creates a conflict of interest between the Firm and the Funds and their investors because the amounts of these fees and reimbursements are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Firm determines the amount of these Transaction and Monitoring Fees and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described in **Item 5** above) be disclosed to investors in the Funds.

Decisions made by a director may subject the Firm, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify the Firm and their partners, principals and employees from such claims. In addition, the employees of the Firm serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company.

From time to time employees of the Firm may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest. Such companies are not portfolio companies of the Fund and as a result, any compensation received by such Firm employee is not subject to the management fee offset described above, or otherwise shared with the Funds and/or investors.

In addition, the Firm may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment is not subject to management fee offset or otherwise shared with the Funds and/or investors.

The Firm does not co-invest with any of its Funds. However, Industry Executives have in the past and may in the future invest their own capital, either directly or indirectly, in the securities of portfolio companies that are recommended to the Funds. In certain instances, Industry Executives directly invest side-by-side with the Funds, either concurrently with the closing of the Fund's investment in such portfolio company or post-closing. In addition, as described above, the Parallel Funds invest proportionately alongside their respective FS Funds in all transactions. Investors in

the Parallel Funds may include Covered Persons and their friends and family, as well as entities controlled by, or established for the benefit of, Covered Persons and their friends and family.

The Firm and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” rebates or credit in loyalty/status programs to the Firm and/or its personnel. Such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value) will exclusively benefit the Firm and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for a Firm personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Firm personnel to the extent the trip also serves a personal purpose.

A Fund may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“**Holding Company**”) would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. The Holding Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the management fee and are in addition to management fees and other compensation (e.g., Carried Interest) received by the Firm. In addition, as the Firm earns management fees and Carried Interest from the Fund, the Firm will benefit from the assets, income and gains of Holding Company.

Allocation of Co-Investment Opportunities and Secondary Transactions

The Firm will determine if the amount of an investment opportunity exceeds the amount the Firm determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Firm and/or the Funds, Industry Executives, or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Firm to be in the best interest of the applicable Fund), and any such excess will typically be offered to one or more co-investors pursuant to the procedures included in such Funds’ Organizational Documents or, to the extent not addressed in such Funds’ Organizational Documents, in accordance with the following paragraphs. There may be circumstances where the Firm determines, for strategic or other reasons, the amount that could have otherwise been invested by a Fund is instead allocated to one or more co-investors. Before extending any invitation to participate in a co-investment, the Firm must determine that the co-investment is in the best interest of the applicable Fund. There may be circumstances where an

amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors. There may be circumstances where the Firm determines, for strategic or other reasons, the amount that could have otherwise been invested by a Fund is instead allocated to one or more co-investors.

Investors in the Funds have in the past and may in the future be invited by a Fund's General Partner to participate individually in investments in portfolio companies, including (where appropriate) as lenders, placement agents, and purchasers of securities. However, investors who participate in such direct investment opportunities will assume any risk, responsibility or expense relating to their participation, and such direct investment will not entitle the limited partners to participate in the management or control of the investment.

In general, subject to any investment allocation requirements set forth in a Fund's Organizational Documents, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Firm or its related persons or other participants in the applicable transactions, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Firm or its related persons, (iv) certain persons other than investors in the Funds (e.g., Industry Executives, consultants, joint venture partners, persons associated with a portfolio company and other third parties) rather than one or more investors in a Fund, will be offered co-investment opportunities, in the sole discretion of the Firm or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (v) co-investors generally purchase their interests in a portfolio company at the same time as the Funds or will on occasion purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgments of interest in co-investment opportunities do not require the Firm to notify the recipients of such acknowledgments if there is a co-investment opportunity. However, the Firm has in the past and may in the future agree to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority co-investment access could affect the Firm's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

Any fees generated by the Firm as a result of co-investments in connection with any portfolio company will often not reduce the management fees paid by the Funds and will therefore be retained by the Firm. The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to the Firm in addition to the receipt of fees, including the receipt of management fees or allocation of Carried Interest from the co-investor, and/or capital commitments to Funds (including successor Funds). As a result of the foregoing, the Firm could be incentivized to allocate

a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

A Fund's General Partner and its affiliates are permitted to make capital commitments and/or contributions to parallel Funds, co-investment opportunities and co-investment vehicles investing alongside the Funds. Such amounts so committed or contributed are permitted, at the option of the applicable Fund's General Partner, to be deemed part of the amount the Firm is otherwise required to contribute to the Funds. Any such amounts would be in full or partial satisfaction of amounts that would otherwise be invested in the Fund in respect of such investment, which could reduce the amount of such co-investment available to the limited partners. In addition, any such amounts invested by a Fund's General Partner or its affiliates in parallel Funds or co-investments alongside the Fund and deemed part of the amount the Firm is otherwise required to contribute will result in the General Partner and/or its affiliates contributing less to the Fund than the Firm's capital commitment to such Fund would otherwise imply.

In addition, co-investment vehicles may be formed to make investments alongside the Funds. In such cases, the co-investment vehicle will have a priority right to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to the investors.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Firm will generally consider some or all of a wide range of factors, which include, but are not limited to, the Firm's own interests and/or one or more of the following:

- The Firm's evaluation of the size and financial resources of the potential co-investment party and the Firm's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Firm has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Firm's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Firm and the expected amount of negotiations required in connection with a potential co-investment party's commitment;

- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Firm and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Firm's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Firm's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Firm's evaluation of whether the profile or characteristics of the potential co-investment party will have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the potential co-investment party will make commitments to invest in other Funds (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Firm; and
- Whether the Firm believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate

relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Firm and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Firm.

The factors above are not listed in order of importance or priority and the Firm is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Firm's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors and third parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, the Firm may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether the Firm and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional management fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties). The Firm expects that these factors will lead the Firm to favor some potential co-investors over others with respect to the frequency with which the Firm offers them co-investment opportunities. The Firm also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

In the event the Firm determines to offer an investment opportunity to co-investors, there can be no assurance that the Firm will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Firm as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that the Firm is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that the Fund will consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by a Fund which is not syndicated to co-investors as originally anticipated could significantly reduce the Fund's overall investment returns. Therefore, it is possible that if a Fund overcommits to an investment it will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

The Firm or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside the

Funds that may have more favorable rights and/or terms than the Funds. Any such vehicle will be established at the Firm or its affiliates' sole discretion and the Firm and its affiliates have no obligation to offer a similar opportunity to any other investor.

In addition, to the extent the Firm has discretion over a secondary transfer of interests in a Fund or is asked to identify potential purchasers in a secondary transfer, the Firm will do so in its sole discretion, generally taking into account the following factors:

- The Firm's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Firm's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Firm and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Firm, the Funds, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into an other Fund (including any commitment into a future fund);
- Requirements in the Partnership Agreement; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

Cross-Transactions

In certain cases, the Firm may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Firm might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Firm, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Firm and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund (or the Firm as a result of its interests in a particular Fund), and one Fund may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, the Firm may be incentivized to support a less successful

portfolio company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide the Firm additional time to potentially manage it to a successful exit and increase the likelihood of the Firm or an affiliate receiving Carried Interest. Conversely, the Firm may be incentivized to sell an attractive investment in an older Fund to a newer Fund to increase the amount of fees received by the Firm or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Firm's consideration of the particular terms (including the fee terms) of the Funds and the Firm's interest in such Funds. Such acquisition or merger may result in the acquiring entity purchasing a Fund's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third-party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Firm may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Funds in accordance with such Funds' Organizational Documents and to the extent not addressed in the applicable Organizational Documents, on an allocation that the Firm deems in good faith to be fair and reasonable.

To address these conflicts of interest, in connection with effecting such transactions, the Firm will follow the investment allocation requirements of the relevant Funds (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the investment allocation requirements, the Firm's Chief Compliance Officer will be responsible for confirming that the Firm (i) considers its respective duties to each Fund and (ii) obtains any required approvals of the transaction's terms and conditions. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund or portfolio company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Fund.

Continuation Transactions

From time to time the Firm may determine that it is in the best interest of a Fund holding the investment (the "selling Fund") to transact with another Fund (the "purchasing Fund") in order to provide the selling Fund's investors with an option to either: (1) receive cash proceeds from the selling Fund's sale or transfer of such portfolio company and/or (2) "roll" (i.e., retain) their interest in such portfolio company. These types of transactions are often referred to as "continuation transactions". In connection with such continuation transactions, Firm may require the investors in the purchasing Fund to make an additional investment in a Fund or commit to invest a future Fund. In addition to those conflicts of interest described above under "*Cross Transactions*", conflicts of interest arise in these continuation transactions because (i) the Firm and its affiliates are charging investors in the purchasing Fund a management fee and Carried Interest (which economics are likely to be different than the selling Fund) and the transactions have the potential

to result in the receipt of additional management fees and Carried Interest by the Firm and its affiliates; (iii) the Firm and Firm personnel are expected to have the ability to make material investments in the purchasing Fund, which may cause them to take actions that benefits the purchasing Fund; (iv) the Firm is actively involved in negotiating the terms of the sale on behalf of the selling Fund, on the one hand, and the purchasing Fund, on the other hand (including allocation of expenses incurred in the transaction); and/or (v) of the requirement for an investor in the purchasing Fund to make an investment in a Fund or a commitment to invest in a future Fund, which (a) incentivizes the Firm to favor such investors because of the potential for the Firm and its affiliates to earn additional management fees with respect to any such investment or commitment to invest, and (b) could affect the price such investors offer to purchase the asset from the selling Fund. Additionally, conflicts of interest arise in continuation transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and the Firm might determine to allocate bankers' fees and certain other fees and expenses solely to selling investors and not to the "rolling investors" or "new investors" in the purchasing Fund or vice versa.

To the extent not addressed in a Fund's Organizational Documents, the Firm will address conflicts of interest that arise in connection with continuation transactions as set forth above under "*Cross Transactions*."

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment manager and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment manager or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the Firm must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Firm's management of the Funds, the Firm and its affiliates may engage in principal transactions. The Firm has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

The Firm manages a number of Funds that have investment objectives similar to each other. The Firm expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, the Funds. The Firm may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, the Funds generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that Firm personnel responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Firm, including funds raised in the future or to proprietary investments made by the Firm and/or its principals of the type made by the Funds. Conflicts of interest arise in allocating time, services or functions of these Firm personnel. Firm personnel have an incentive to allocate more time, services or functions to the Funds from which such personnel derive a higher economic benefit and/or better-performing Funds.

The Firm may consider, and reject an investment opportunity on behalf of one Fund and, the Firm or an affiliate of the Firm may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the other Fund. In such circumstances, the benefitting fund or funds will not be required to reimburse the Fund for expenses incurred in connection with researching such investment.

In addition, the Firm may consider an investment opportunity for one Fund and then subsequently determine to have another Fund or fund advised by the Firm's affiliates make the investment. In making any such reallocation determination, the Firm will consider a variety of factors, including those set forth above under "*Conflicts Relating to Allocation of Investment Opportunities*". Conflicts of interest arise in connection with such a reallocation, including those set forth above under "*Conflicts Relating to Allocation of Investment Opportunities*". In addition, a conflict of interest exists because the investing Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Fund for which the investment was initially considered. In certain cases, such reallocation determination can be expected to occur after a significant period of time has passed and the Fund to which the investment was originally allocated has incurred substantial out-of-pocket expenses in connection with evaluating, investigating and diligencing such investment. The investing Fund typically will not be required to reimburse the original Fund for such expenses. In the event that the investing Fund does reimburse the original Fund for out-of-pocket expenses incurred in connection with evaluating, investigating and diligencing such investment, the investing Fund typically will not pay interest on any such amounts reimbursed to the original Fund. Alternatively, if the investing Fund does pay interest on such amounts to the initial Fund, there can be no assurance any such interest will be paid over at the same time as such reimbursement or that the amount of such interest will be sufficient to compensate the original Fund for the time since it deployed capital to pay such expenses. The Firm experiences conflicts of interest in connection with causing one Fund to incur expenses that may ultimately benefit another Fund (or fund advised by its affiliate), and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that one Fund (or fund of the Firm's affiliate) owes to another Fund, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Funds. There can be no assurance that the amounts reimbursed to the original Fund will be commensurate with the benefit received by the investing Fund.

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Firm, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the

operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Firm will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

In addition, the Firm receives and generates various kinds of portfolio company data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, environmental, social and governance, and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include confidential and/or sensitive information received or generated in connection with efforts on behalf of one Fund’s investment (or prospective investment) in a portfolio company. As a result, the Firm is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio companies and otherwise develop investment strategies or identify specific investment or business opportunities. The Firm also intends to utilize such data for purposes of identifying new investments opportunities for the Funds. Information from a portfolio company owned by one Fund may enable the Firm to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for the Firm and other Funds that do not own an interest in such portfolio company, without compensation or benefit to such Fund or its portfolio companies. Further, data is expected to be aggregated across the funds and their respective portfolio companies and, in connection therewith, the Firm is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. The Firm may also share data from a portfolio company of Fund with a portfolio entity of another Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio company. Portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to the Firm (which expenses are indirectly borne by the Funds).

The Firm may enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Firm may in certain instances use this information in a manner that may provide a material benefit to the Firm, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Funds from which such information was obtained. In addition, the Firm may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use or distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, the Firm is generally free to use data and information from a Fund’s activities in its sole discretion for the benefit of the Firm and other Funds. The sharing and use of “big data” and other information present potential conflicts of interest and any benefits received by the Firm or its personnel will not be subject to the management fee offset provisions or otherwise shared with the Funds or its investors. The Firm may in the future utilize such information to benefit the Firm, its affiliates or certain Funds in a manner that may otherwise present a conflict of interest resulting from the

particular facts and circumstances, but does not intend to specifically disclose such conflicts to the relevant Funds.

The Firm and its affiliates may enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Firm, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. The Firm believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Firm's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Firm. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by the Firm and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, the Firm and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Firm, without directly compensating or otherwise benefiting the Funds. As a result, the Firm may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Firm and/or investments held by other Funds.

The Funds will, from time to time, enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

Conflicts Related to Other FS Funds

FS Funds from time to time make investments in conjunction with an investment being made by other FS Funds, or in a transaction where another FS Fund has already made an investment, including in the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in connection with such investments. Conflicts arise in determining the terms of investments, particularly where these FS Funds may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest and the Firm may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. In the event that one FS Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling FS Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with

another FS Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain Funds may invest in debt and securities of companies in which other Funds hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund will at times conflict with the interests of certain other Funds, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the FS Funds may or may not provide such additional capital, and if provided each FS Fund will supply such additional capital in such amounts, if any, as determined by the Firm. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund of the Firm or its affiliates in a portfolio company also raise the risk of using assets of a Fund of the Firm or its affiliates to support positions taken by other Funds of the Firm or its affiliates, or that a Fund may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition (subject to any restrictions or requirements in a Fund's Organizational Documents), where more than one Fund of the Firm (or its affiliates) invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because the Firm may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. In addition, where more than one Fund of the Firm invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. For example, because the Firm has an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) or because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Firm determines it is advisable for a Fund to exit

an investment at the same time as another Fund of the Firm or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

Conflicts Related to the Compensation Structure

Because there is a fixed investment period after which capital from investors in the Funds can only be drawn down in limited circumstances and because management fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Firm would not otherwise have done so. In addition, the valuation of partially realized or unrealized investments from time to time may be zero or close to zero. Because the management fee, at certain times during the life of the Funds, payable to the Firm is based on capital invested by the Funds relative to such investments, in such instances the management fee paid with respect to such investment will be higher than if the management fee payable were based on the fair value of such investment.

The Firm has discretion in determining whether and when an investment has been written down, which impacts the calculation of management fees. As provided in the Funds' Organizational Documents, following the investment period of a Fund, the management fees with respect to such Fund are typically calculated based on invested capital, which is reduced by any writedowns. As a result, a conflict of interests exists because the Firm has an incentive to refrain from or delay writing down investments in order to ensure the management fee base does not decrease, which would result in higher management fees ultimately paid to the Firm. In general, the Firm evaluates several criteria in determining whether to write down an investment, including, without limitation, how long the investment has been held, financial performance and prospects of the investment, length of time the investment has been marked down, materiality of markdown, anticipated holding period of the investment, volatility in valuation, impact of market conditions on valuation, other valuation methodologies showing increased valuations, and anticipated recovery path for the investment. The Firm may change these criteria in its sole discretion from time to time and the Firm has flexibility in determining the applicability and weight of these factors and has ultimate discretion in determining whether an investment should be written down. As a result, the Firm is permitted to determine that even distressed investments should not be written down. There can be no assurance that an investment, in hindsight, should have been written down or should have been written down at an earlier date.

In addition, the Firm and its principals have an indirect interest in the securities of portfolio companies held by the Funds because of Carried Interest. As discussed in **Item 6** above, the existence of Carried Interest from the Funds gives rise to certain conflicts of interest that likely would not exist in the absence of such performance-based compensation.

In addition, the General Partners of the Funds are incentivized to hold on to investments that have poor prospective for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the Funds' General Partners.

The Organizational Documents of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates (including managing directors and employees) in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the General Partners and the limited partners of the applicable Fund, because the General Partner has an incentive to cause the Fund to exit an investment at a time that could result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners). In the event the General Partner, or its affiliates, of a Fund receive such a distribution, such General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as such General Partner shall determine. The ability of the General Partner of a Fund to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and such Fund. Furthermore, the General Partners are particularly incentivized to receive distributions in-kind of securities that they expect to increase in value, and in cases where the increase occurs, if the limited partners received cash distributions instead of in-kind distributions, the limited partners will be denied the benefits of that increase had a Fund retained the securities and the General Partner of such Fund will receive more value from the securities than it would have had its Carried Interest been paid in cash.

Pursuant to the Organizational Documents of a Fund, the General Partner of a Fund may be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner of a Fund is incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

Conflicts Relating to the General Partner and the Firm

Firm personnel and other related persons of the Firm and its affiliates have made and may make capital investments in or alongside certain Funds. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments.

By reason of their responsibilities in connection with other activities of the Firm, or otherwise, Firm personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they

otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold, which could adversely impact Fund returns.

In addition, Funds from time to time invest in securities of companies in which Firm personnel and other related persons of the Firm and its affiliates have previously invested for their own accounts. Furthermore, Firm personnel and other related persons of the Firm and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. Such persons may have differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. There can be no assurance that the return of Funds participating in a transaction would be equal to and not less than it would have been as favorable as it would have been had such conflicts not existed.

The General Partner, the Firm, their affiliates, and their respective members, Firms, directors, officers, partners, shareholders, employees may buy or sell securities or other instruments that the Firm has recommended to Funds. Firm personnel may also buy securities in transactions offered to but rejected by the Funds. A conflict of interest may arise because such investing Firm personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Firm on behalf of the Funds. In such circumstances, the investing Firm personnel will not share or reimburse the relevant Fund(s) and/or the Firm for any expenses incurred in connection with the investment opportunity.

In addition, Firm personnel may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds. Such Firm personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

The transactions described above are subject to the policies and procedures set forth in the Firm's Code of Ethics, and investors will not benefit from any such investments.

From time to time, Firm personnel may invest in funds or other entities managed by limited partners of a Fund, which could incentivize such Firm personnel to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

The General Partner of a Fund may, in its discretion, under certain circumstances elect to increase its commitment to such Fund without the consent of the limited partners. Any increased commitment by the General Partner will dilute the interests of the limited partners. Although the

General Partner will pay interest in respect of prior capital contributions in the same manner as is paid by the limited partners, the General Partner has information about the Fund's investments, including regarding their valuation and performance expectations, which the limited partners do not have and that information may inform its decision whether to increase its capital commitment. Therefore, the General Partner has a conflict of interest in deciding to increase its subscription because a decision to increase its subscription may result in the General Partner receiving value that would have otherwise benefitted limited partners.

Conflicts Related to Advisory Committee Rights

Generally, each Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Firm and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with the Firm and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be asked to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Conflicts Related to Industry Executives

As discussed in **Item 8**, above, the Firm utilizes the services of Industry Executives. The Industry Executives, who are not affiliates of the Firm, are engaged to provide due diligence, research, operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies or prospective portfolio companies in relation to the sourcing, evaluation, identification, acquisition, holding, improvement and disposition of such portfolio companies or prospective portfolio companies. These services may be high level insight or extensive day-to-day roles, and typically include support to the General Partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including strategy, policy, and reporting development), real estate matters and similar operational matters. It is expected that the services provided by the Industry Executives will expand over time. The nature of the relationship with each such Industry Executive and the time devotion requirements of each such Industry Executive may vary significantly. Certain Industry Executives may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are

negotiated individually, depending upon the anticipated services to be provided. As noted above under “*Conflicts Related to Transactions between the Firm and the Funds*” Industry Executives are from time to time offered the ability to co-invest alongside Funds, including in investments in which such Industry Executive is involved or participates in the management thereof. In certain cases, Industry Executives have attributes of Firm personnel (for instance, they may have dedicated office space, receive Firm administrative support services, participate in general meetings or events for Firm personnel, have Firm e-mail address or business cards), even though they are not employees, affiliates or personnel of the Firm.

Certain of the Industry Executives receive a consulting fee or retainer from the Firm. In addition, Industry Executives from time to time receive transaction fees and/or other fees or compensation directly from the portfolio companies and, in their roles as directors, from time to time also receive directors’ fees directly from the portfolio companies paid in the form of cash and stock options. Certain Industry Executives may negotiate to be retained and paid directly by a portfolio company. The consulting fee or retainer from the Firm is determined at the discretion of the General Partner taking into account the particular services provided by the Industry Executives and the directors’ fees and other transaction fees or other fees, or compensation or retainer from the portfolio company are determined by the relevant portfolio company. Because Industry Executives are not affiliates of the Firm, directors’ fees and transaction fees or other fees, compensation or retainer paid to the Industry Executives by a portfolio company will not reduce any fees otherwise payable to the Firm or its affiliates. In the event an Industry Executive is paid an annual retainer by the Firm or a portfolio company, the value provided to the Firm, portfolio company and, by extension, the relevant Fund by any such Industry Executive may vary year to year and there can be no assurance that the annual retainer paid will be commensurate with the value provided by the Industry Executive. It may be difficult to distinguish services provided by the Industry Executive from the investment advisory services provided to the Funds by the Firm and its affiliates.

Diverse Membership

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the nature and timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Firm or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for a Fund, the Firm and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with and among Portfolio Companies and Investors and Prospective Investors

Given the collaborative nature of the Firm’s business and the portfolio companies in which the Funds have invested, there are often situations where the Firm is in the position of recommending the services of a portfolio company to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments and/or discounts to the Firm, an affiliate, or a portfolio

company. The Firm will generally have a conflict of interest in making such recommendations, in that the Firm has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

Portfolio companies controlled by a Fund may provide services to the Firm, certain Fund investors or prospective investors. This creates a conflict of interest, as the Firm has an incentive to cause the portfolio company to favor itself, or those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Current and former founders and prospective founders, officers and executives and other affiliates of portfolio companies have and likely will invest in a Fund. While the Firm believes this aligns portfolio company management teams and other affiliates with the best interests of the Fund, the Firm may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor or other affiliate of the portfolio company that is an investor in a Fund such that they continue to invest in the Funds, among other reasons.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Firm and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Firm that, although the Firm determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Firm, and which may provide economic or other benefits to affiliates of the Firm that are not subject to the management fee offset provisions described herein. For example, the Firm may cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or

mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, commissions or similar payments and/or discounts being paid to the Firm, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Firm may have a conflict of interest because its economic benefit may incentivize the Firm to maintain such arrangements, the Firm believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing, and the Firm's benefits from such arrangements are reduced because the Firm only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Firm will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Firm has a material relationship, in which case the Firm could have an incentive to cause the Fund or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

Conflicts Related to Service Providers

Services required by a Fund (including some services historically provided by the Firm or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Firm or its affiliates. This can create a conflict of interest because the Firm and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Firm personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds, and, accordingly, certain costs may be incurred by a Fund for a third-party service provider that are not incurred for comparable services by other Funds. The decision by the to initially perform a service for Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future, and the Firm has no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.

The Firm and/or its affiliates engage certain service providers to provide services to the Firm, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers or their affiliates may be investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in a Fund. This creates a conflict of interest, as the Firm may give such investor preferred economics or other terms

with respect to its investment in a Fund, enhanced information or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. In addition, the Firm will have a conflict of interest in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Firm with information about markets and industries in which the Firm operates, will provide other services that are beneficial to the Firm and/or will provide financial sponsorship of events held by the Firm (such as transaction closing dinners or outings, or informational summits or training events for the Firm or portfolio company personnel). The Firm generally has an incentive to recommend the products or services of certain investors or prospective investors in the Funds to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

The Firm generally may in its discretion, contract directly with, or recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with, a related person of the Firm or an affiliate (including but not limited to a portfolio company of a Fund). When making such a recommendation, the Firm, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, former Firm employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Firm, the Funds and/or portfolio companies. While employed by the Firm, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Firm unless a Fund's Organizational Documents permit certain allocations of internal expenses to a Fund. If a former Firm employee becomes an employee or consultant of a third party that also provides services to a Fund, such former employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Firm employee working on a Fund will be borne entirely by a Fund and no such amounts will reduce the management fee paid or the Carried Interest distributed by such Fund on the basis that such person used to be a former Firm employee.

The Firm and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there could be conflicts of interest. Members of the law firms engaged to represent the Funds are on occasion investors in a Fund, and could also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Firm and/or its affiliates, the parties will in the sole discretion of the Firm and its affiliates engage separate counsel, and in litigation and other circumstances separate representation will often be required. The Firm from time to time may cause a Fund to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Fund is not the sole shareholder of the portfolio company, other shareholders will benefit from the costs incurred by the Fund and will not reimburse the Fund for their pro rata portion of the cost of any such service provider. Additionally, the Firm and the Funds and the portfolio companies of the Funds have in the past and may in the future engage other common service providers. In such circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the

Firm, the Funds, and/or the portfolio companies. This may result in the Firm receiving a more favorable rate on services provided to it by such a common service provider than the rates payable by the Funds and/or the portfolio company, or the Firm receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. In addition, the Firm or its affiliates and service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Firm or its affiliates differ from those required by the Funds and/or its portfolio companies, the Firm and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

Certain other service providers to the Firm, the Funds and/or the portfolio companies, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial or other relationships with the Firm, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source of investment opportunities, be co-investors or commercial counterparties or entities in which the Firm and/or the Funds have an investment, and payments by a Fund and/or such portfolio companies may indirectly benefit the Firm and/or such Fund.

This creates a conflict of interest between the Firm, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Firm will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Firm, its personnel or its affiliates, and the management fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

Additionally, employees of the Firm or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in service providers to the Funds or their portfolio companies. Although the Firm selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Firm, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Positions with Portfolio Companies

Firm personnel serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such Firm personnel's fiduciary duties as a director conflicts with those of the Fund, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an Firm personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Firm personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Firm personnel serving as directors may make decisions for a portfolio

company that negatively impact returns received by a Fund investing in the portfolio company. In addition, to the extent an Firm personnel serves as a director on the board of more than one portfolio company, such Firm personnel's fiduciaries duties among the two portfolio companies may create a conflict of interest. Certain decisions made by a director may subject the Firm, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify the Firm and Firm personnel from such claims. Firm personnel serving in a director or observer role are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, Firm personnel may leave the employment of the Firm, its affiliates and become an officer or employee of a portfolio company, which would shift the burden of compensating such persons from the Firm to the applicable portfolio companies, and any fees received by such persons as an employee of the portfolio company will not reduce the management fee.

Firm personnel are prohibited from receiving consulting, management or other fees personally from portfolio companies.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) are often provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on the board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of the Firm to take actions with respect to the portfolio company that the Firm considers to be in the best interests of the Funds.

Certain personnel of the Firm or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse the Firm or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. The Firm may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Firm or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the management fee paid or Carried Interest distributed by the Fund to the Firm will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the Firm and reimbursed by a portfolio company) will not reduce the management fee otherwise payable to the Firm or any Carried Interest otherwise payable to the Firm or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be categorized as an Industry Executive, an employee of the Firm, a former employee of the Firm or

a seconded employee may not be clear. In such cases, the Firm will make a determination in good faith based on an evaluation of the facts and circumstances.

Side Letter Agreements; Advisory Committee Rights

To the extent permitted under applicable law, the Firm expects to enter into certain Side Letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor, and to the extent permitted under applicable law, the Firm (or applicable General Partner) is not required to disclose the terms of Side Letter arrangements with other investors in the same Fund. Also, investors will have no recourse against a Fund, the applicable Fund's General Partner, the Firm or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such Side Letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, Side Letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Other Potential Conflicts

The Funds from time to time co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of a Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Firm has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, the Firm and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by the Firm that cover one or more Funds and/or the Firm (including their respective directors, officers, employees, agents, representatives,

members of the advisory committee and other indemnified parties). The Firm will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds and/or the Firm on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Firm may, from time to time, require, cause or invite the Funds and/or a portfolio company to make contributions to charitable initiatives, or other non-profit organizations that the Firm believes could, directly or indirectly, enhance the value of the Funds’ investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio company. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Firm, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Firm, the Funds or the portfolio companies. These relationships could influence the Firm’s decision whether to require, cause or invite the Funds or the portfolio companies to make charitable contributions. Further, from time to time, such charitable contributions by the Funds or the portfolio companies could supplement or replace charitable contributions that the Firm would have otherwise made. Also, in certain instances, the Firm may, from time to time, select a service provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where the Firm believes such charitable initiatives could, directly or indirectly, enhance the value of the Funds’ investments or otherwise be beneficial to the portfolio companies.

The Firm may compete against, or engage in business with (i.e., through co-investments and joint ventures) other investment advisers with which the Firm or its employees have a relationship or from which the Firm or its employees otherwise derives financial or other benefit or may invest in the investment vehicles managed by such investment advisers. In particular, certain employees of the Firm have family members that are employed by other investment advisers and providers of financial services, including competitors of the Firm. Such relationships create a conflict of interest because they can influence the Firm in determining whether to transact with such other adviser. In addition, to the extent Firm personnel receive material non-public information regarding an issuer in connection with investments made or to be made by the other investment adviser, the Funds could be restricted in its investment activities with respect to such issuer.

Item 12. Brokerage Practices

The Firm's investment strategy typically involves making direct long-term investments in companies on behalf of the Funds. As such, the Firm does not routinely trade public securities on behalf of Funds. Any use of broker-dealers most often involves exiting a portfolio company investment either in an underwritten offering or through open market sales. The Firm selects broker-dealers on a "best execution" basis. Best price, after giving effect to commissions and transaction costs, is one factor in this decision, but the Firm also takes into account many other factors of best execution for a specific transaction, including reputation, creditworthiness and financial stability of the broker-dealer, the quality of services, such as market-making, distribution and execution, clearing and settlement and research as well as the Firm's business relationship with the broker-dealer, if any. Accordingly, transactions will not necessarily be executed at the lowest available price or commission.

The Firm currently does not engage in soft dollar arrangements or directed brokerage transactions. The Firm's investment strategy does not typically present the opportunity to aggregate the purchase or sale of securities for various client accounts. In the event more than one Fund purchases or sells the same publicly traded security, the Firm aggregates (or bunches) the orders of such Funds for such security. The Firm often employs this practice because larger transactions generally enable them to obtain better overall prices, including lower commission costs or markups or mark-downs. The Firm will combine orders on behalf of Funds with orders for other Funds for which it has trading authority, or in which it or its affiliates have an economic interest. In such cases, the Firm generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction. If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Firm's procedures for allocation of investment opportunities as described in **Item 11** above.

Item 13. Review of Accounts

A. Account Review

Members of the Firm monitor, and gather information with respect to the Funds on a periodic basis. In addition, the Firm reviews and conducts valuations of all Funds on a quarterly basis. A member of the deal team responsible for each portfolio investment will gather and review information regarding the investment, develop a valuation for such investment, and submit the valuation and supporting materials to members of the Firm, which shall, in turn, review the valuation and supporting materials. For certain Funds, such materials are then submitted to the advisory committee of the applicable Fund for review and approval. On an annual basis, a third-party accountant will conduct an audit of each Fund and, in connection therewith, will review any internally-developed valuation for the portfolio investments of such Fund.

B. Factors that Trigger an Account Review

Not applicable.

C. Account Statements

Investors in the Funds receive written quarterly unaudited financial statements for the first three quarters of the fiscal year, an annual report and annual audited financial statements. Moreover, investors in the Funds can receive certain additional information upon request, as set forth in the applicable Fund's Partnership Agreement.

Item 14. Client Referrals and Other Compensation

A. Benefits from others for Providing Investment Advice

For details regarding economic benefits provided to the Firm by non-clients, including a description of related material conflicts of interest and how they are addressed, please see **Item 11** above. In addition, the Firm and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

B. Client Referrals

While not a client solicitation arrangement, the Firm has entered into contractual agreements with several organizations (hereafter referred to as “agents”) that have solicited investors for certain of the Funds. While the specific terms of each arrangement differ, generally an agent’s compensation is based upon the capital commitments made by the referred investors to the Funds. Any sales charge associated therewith will ultimately be payable by the Firm, either directly or through an offset of the management fee payable by the relevant Fund.

Item 15. Custody

Item 15 is not applicable to the Firm.

Item 16. Investment Discretion

The Firm has discretionary authority to manage securities accounts on behalf of each Fund, subject to the investment objectives, strategies and policies set forth in the applicable Fund's Partnership Agreement.

Item 17. Voting Client Securities

The Firm has authority to vote proxies on behalf of the Funds and, in accordance with Rule 206(4)-6 of the Advisers Act, has adopted policy and procedures to address how the Firm will vote proxies on behalf of each client. The Firm will consider each proxy issue individually and will exercise its best judgment as a fiduciary to vote all proxies in the best interests of the Funds pursuant to the goals of a Fund's investment strategy. The Firm will at times abstain from voting or decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the applicable Fund(s).

The Firm has in the past been, and may in the future be, subject to material conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. The Firm and/or its employees also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships. In the event a material conflict of interest is identified, the Chief Compliance Officer or designee shall take such actions as he or she deems necessary to determine how to vote the proxy in the best interests of the Funds. Depending upon the specific facts and circumstances associated with a given proxy, such actions can include consulting with: (1) legal counsel, (2) a proxy consultant, or (3) deal team members. After such consultation, the Chief Compliance Officer or designee shall review the votes in advance to ensure that the Firm's proposed vote is not prompted by any conflict of interest. In accordance with Rule 206(4)-6, the Firm will document the basis for its voting decisions.

A copy of the proxy voting policy and procedures is available to the Funds upon request, by contacting Christopher M. Iorillo at (310) 444-1822. Further, upon request, Funds will be provided with information about how proxies have been voted.

Item 18. Financial Information

A. Prepayment of Fees

The Firm does not require or solicit prepayment of any fees from the Funds six months or more in advance.

B. Financial Impairment

As of the date of this brochure, the Firm is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Funds.

C. Bankruptcy Petition

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

Not applicable.